(7) (No. 9)

HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

REGULATION No. XV OF 1996.

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A Regulation to provide for the regulation of the Business of Insurance.

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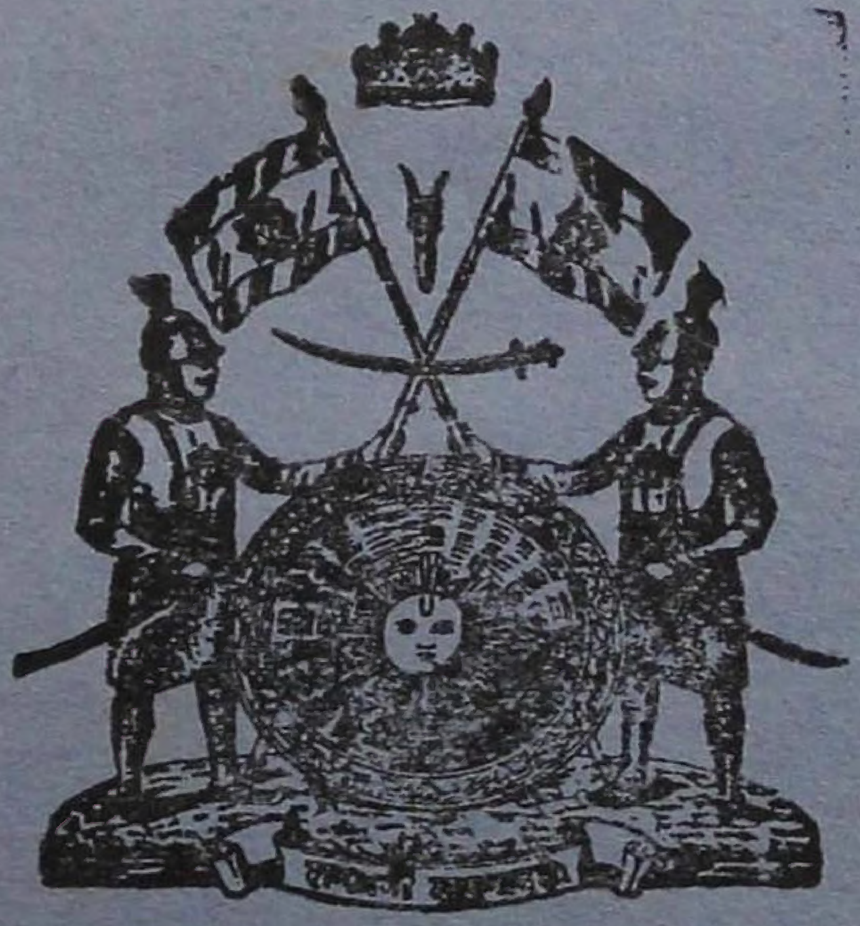

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HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

PRAJA SABHA SECRETARIAT.

REGULATION No. XV OF 1996.

A Regulation to provide for the regulation of the Business of Insurance.

WHEREAS it is expedient to provide for the regulation of the Business of Insurance, it is hereby enacted as follows :—

PART I.

PRELIMINARY.

1. *Short title, extent and commencement.*—(1) This Regulation may be called the Jammu and Kashmir Insurance Regulation, 1996.

(2) It extends to the whole of Jammu and Kashmir State.

(3) It shall come into force on such date as the Government may by notification in the Government Gazette, appoint in this behalf.

2. *Definitions.*—In this Regulation unless there is anything repugnant in the subject or context :—

(1) "actuary" means an actuary possessing such qualifications as may be prescribed ;

(2) "Policy-holder" means the person who for the time being is a legal holder of the policy and includes the person who is the absolute assignee of the benefits under the policy ;

(3) "approved securities" means securities for money issued under the authority of any Act of a Legislature established in British India and include dabentures or other securities issued under the authority of His Highness' Government in this behalf ;

(4) "auditor" means a person qualified under the provisions of section 144 of the Companies Regulation, to act as an auditor of companies ;

(5) "certified" in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified by a principal officer of the insurer to be a true copy or a correct translation, as the case may be ;

(6) "Court" means the principal civil court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction ;

(7) "Prescribed" means prescribed by rules made under this Regulation ;

(8) "insurance company" means any insurer being a company, association or partnership which may be wound up under the Companies Regulation or to which the Partnership Regulation applies ;

(9) "insurer" means—

(*a*) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than the State carrying on insurance business which—

(*i*) carries on that business within the State or

(*ii*) has his or its principal place of business within the State ;

(*iii*) with the object of obtaining insurance business, employs a representative, or maintains a place of business in the State ;

(*b*) any body corporate carrying on the business of insurance, which is a body corporate incorporated under any law for the time being in fore in the State, or stands to any such body corporate in the relation of a subsidiary company within the meaning of the Companies Regulation as defined by sub-section (2) of section 2 of that Regulation ;

(10) "insurance agent" means an insurance agent licensed under section 41 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business ;

(11) "life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life and, if so provided in the contract of insurance, disability and double indemnity accident benefits ;

(12) "manager" and "officer" have the meanings assigned to those expressions in clauses (9) and (11) respectively of section 2 of the Companies Regulation ;

(13) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise

provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called ;

Explanation.—If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of section 31 of this Regulation ;

(14) " Superintendent of Insurance " means the officer appointed by the Government to perform the duties of the Superintendent of Insurance under this Regulation ;

(15) " State " means the Jammu and Kashmir State.

PART II.

Provisions Applicable to Insurers.

3. *Registration*.—(1) No insurer shall, after the commencement of this Regulation begin to carry on any class of insurance business within the State and no insurer carrying on any class of insurance business in the State shall, after the expiry of one year from the commencement of this Regulation continue to carry on any such business, unless he has obtained from the Superintendent of Insurance a certificate of registration.

(2) Every application for registration shall be accompanied by—

(*a*) a certified copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Companies Regulation or, in the case of any other insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, a certified copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business outside the State, the document specified in clause (*a*) of section 60 ;

(*b*) the name, address and the occupation, if any, of the directors where the insurer is a company incorporated under the Companies Regulation, and in the case of an insurer specified in sub-clause (*a*) (*ii*) of clause (9) of section 2 the names and addresses of the proprietors and of the manager in the State and in any other case the full address of the principal office of the insurer and the names of the directors and the manager at such office and the name and address of some one or more persons resident in the State authorised to accept any notice required to be served on the insurer ;

(*c*) a statement of the class or classes of insurance business done or to be done, and a statement that the amount required to be deposited by section 7 before application for registration is made has been deposited together with a certificate from the Government treasury showing the amount deposited;

(*d*) in the case of an insurer having his principal place of business outside British India a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country;

(*e*) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound;

Provided that in the case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statements shall be complied with, only so far as prospectus, forms and statements may be available; and

(*f*) the prescribed fee for registration being not more than one hundred rupees for such class of business.

(3) In the ease of any insurer having his principal place of business or domicile outside British India the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satistied that in the country in which such insurer has his principal place of business or domicile Indian nationals are debarred by the law or practice of the country relating to, or applied to, insurance from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 61 and section 62 is not satisfied.

(4) In the case of any insurer the Superintendent of Insurance shall cancel a registration already made if the insurer fails to comply with the provisions of section 7 as to deposits.

(5) When the Superintendent of Insurance withholds or cancels any registration under sub-section (3) or sub-section (4) he shall give notice in writing to the insurer of his decision and

the decision shall take effect on such date as he may specify in that behalf in the notice, such date not being less than one month nor more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Regulation applicable to him, grant the insurer a certificate of registration.

4. *Minimum limit for annuities and other benefits secured by policies of life insurance.*— (1) No insurer shall pay or undertake to pay on any policy of life insurance issued after the commencement of this Regulation an annuity of twenty-five rupees or less or a gross sum of rupees two hundred and fifty or less exclusive of any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount.

(2) Nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.

5. *Restriction on name of insurer.*—(1) An insurer shall not be registered by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies his consent to the Superintendent of Insurance.

(2) If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first-mentioned insurer shall, if called upon to do so by the Superintendent of Insurance on the application of the second-mentioned insurer, change his name within a time to be fixed by the Superintendent of Insurance.

6. *Requirements as to capital.*—No insurer shall be registered unless he has as working capital a net sum of not less than twenty-five thousand rupees exclusive of the deposit to be made before registration under this Regulation.

7. *Deposits.*—(1) Every insurer shall, in respect of the insurance business carried on by him in the State deposit and keep deposited with the Government cash or approved securities, estimated at the market value of the securities on the day of

deposit, of the amount hereafter specified, namely :—

(*a*) Where the business done or to be done is life insurance only, fifty thousand rupees ;

(*b*) where the business done or to be done is fire insurance only, thirty thousand rupees ;

(*c*) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, thirty thousand rupees ;

(*d*) where the business done or to be done includes life insurance and any one or both of the two classes specified in clauses (*b*) and (*c*), one lac rupees of which fifty thousand rupees shall be deposited for life insurance business ;

(*e*) where the business done or to be done does not include life insurance but includes all classes specified in clauses (*b*) and (*c*), sixty thousand rupees.

(2) The deposit may be made by an insurer in instalments of not less than one-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in the State, and the balance before the expiry of three years from the commencement of business in the State :

Provided that in the case of any insurer not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 and not being an insurer incorporated in or domiciled in the United Kingdom or India, the deposit shall be made in full before the application for registration is made.

(3) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) or sub-section (2) shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business or so much thereof as under the provisions of this section is to be made before the application for registration, has also been made in full.

(4) If any part of a deposit made under this section is used in the discharge of any liability of the insurer the insurer shall deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied within a period of two months from the date when the deposit or any part thereof si so used for discharge of liabilities.

8. *Reservation of deposits.*—(1) Any deposit made under section 7 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge ; nor shall it be available for the discharge of any liability of the insurer other than, liabilities arising out of policies of insurance issued by the insurer so long as any such liabilities remain undischarged ; nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt the policy-holder has failed to realise in any other way.

(2) Where a deposit is made in respect of life insurance business the deposit made in respect thereof shall not be available for the discharge of any liability of the insurer other than liabilities arising out of policies of life insurance issued by the insurer.

9. *Refund of deposits.*—Where an insurer has ceased to carry on in the State any class of insurance business in respect of which a deposit has been made under section 7 and his liabilities in the State in respect of business of that class have been satisfied or are otherwise provided for, the Court may, on the application of the insurer, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

10. *Separation of accounts and funds.*—(1) Where the insurer carries on business of more than one of the classes specified in sub-section (1) of section 7, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(2) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund

(3) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly save as provided in section 48 for any purposes other than those of life insurance.

11. *Accounts and balance-sheet.*—(1) Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance

business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State, shall at the expiration of each calendar year prepare with reference to that year—

(*a*) in accordance with the instructions contained in Part I of the first Schedule a balance-sheet in the form set forth in Part II of that Schedule;

(*b*) in accordance with the instructions contained in Part I of the second Schedule a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in sub-eection (1) of section 7 and no other business;

(*c*) in respect of each class of insurance business carried on by him in accordance with the instructions contained in Part I of the third Schedule, a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(2) Unless the insurer is a company to which the Companies Regulation applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company, by the chairman, if any, and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

12. *Audit*.—The balance-sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him, shall, unless they are subject to audit under the Companies Regulation in the State be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 145 of the Companies Regulation.

13. *Actuarial report and abstract*.—(1) Every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in the State, and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*)

of clause (9) of section 2 in respect of all life insurance business transacted by him, once at least in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the instructions contained in Part I of the fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the fifth Schedule, and prepared in accordance with the instructions contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract:

Provided that if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Regulation.

14. *Register of policies and register of claims.*—Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of sub-clause (9) of section 2 in respect of all business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State shall maintain—

(*a*) a register or record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policy-holder, the date when the policy was effected and a record of any

transfer, assignment or nomination of which the insurer has notice, and

(*b*) a register or record of claims, in which shall be entered every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds therefor.

15. *Submissions of returns.*—(1) The audited accounts and statements referred to in section 11 and the abstract and statement referred to in section 13 shall be printed, and four certified copies thereof shall be furnished as returns to the Superintendent of Insurance within six months from the end of the period to which they refer. The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 13 by a period not exceeding three months :

Provided that the said period of six months shall in the case of insurers having their principal place of business or domicile outside the State and in the case of insurers constituted, incorporated in the State but also carrying on business outside the State be extended by three months, and provided further that the Government may in any case extend the time allowed by this sub-section for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four certified copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officers of the company and, if the company has a managing director or managing agent, by that director or managing agent, in the case of a firm, by two partners of the firm, and, in the case of an insurer being an individual, by the insurer himself.

(3) Where the insurer's principal place of business or domicile is outside the State he shall forward to the Superintendent of Insurance, along with the documents referred to in section 11, the balance-sheet, profit and loss account and valuation statements, if any, which the insurer is required to file with the public authority of the country in which the insurer is constituted, incorporated or domiciled, or where such documents are not required to be filed, a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

16. *Exemption from certain provisions of the Regulation.*—Where an insurer, being a company incorporated under the Companies Regulation in any year furnished his accounts and balance-sheet in accordance with the provisions of the foregoing section 15, he may at the same time send to the Registrar of the

Companies a certified copy of such accounts and balance-sheet ; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that Regulation and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

17. *Furnishing reports.*—Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

18. *Abstract of proceedings of general meetings.*—Every insurer being a company or body incorporated under any law for the time being in force in the State shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates.

19. *Custody and inspection of documents and supply of copies.*—(1) Fvery return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection ; and any person may procure a copy of any such return, or of any part thereof on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied, any five figures being deemed equivalent to one word.

(2) A printed or certified copy of the accounts, statements and abstract furnished in accordance with the provisions of section 15 shall, on the application of any share-holder or policy-holder made at any time withtin two years from the date on which the document was so furnished, be supplied to him by the insurer within fourteen days when the insurer is constituted, incorporated or domiciled in the State and in any other case within one month of such application.

(3) A copy of the memorandum and articles of association of the insurer if a company shall on the application of any policy-holder be supplied to him by the insurer on payment of one rupee.

20. *Powers of Superintendent of Insurance regarding returns.*—(1) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this Regulation is inaccurate or defective in any respect, he may—

(*a*) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return ;

(*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in the State any book of account, register or other docu-

ment or to supply any statement which he may specify in a notice served on the insurer for the purpose ;

(*c*) examine any officer of the insurer on oath in relation to the return ;

(*d*) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which the requisition asking for correction of the inaccuracy or supply of the deficiency was delivered to the insurer and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 15 relating to the furnishing of returns.

(2) The Court may on the application of an insurer and after hearing the Superintendent cancel any order made by the Superintendent under clause (*a*) (*b*) or (*c*) of sub-section (1) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

21. *Power of Superintendent of Insurance to order revaluation.*—If it appears to the Superintendent of Insurance that an investigation or valuation to which section 13 refers does not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may, after giving notice to the insurer and giving him an opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by the insurer for this purpose and approved by the Superintendent of Insurance.

22. *Evidence of documents.* - (1) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(2) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a return so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

23. *Summary of returns to be published.*—The Government shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Regulation or purporting to be under this Regulation which have been furnished to the Superintendent of Insurance for the year preceding the year of publication and may append to such summary any note of the Government and any correspondence in relation thereto.

24. *Returns to be published in statutory forms.*—No insurer shall publish in the State any return in a form other than that in which it has been furnished to the Superintendent of Insurance :

Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity.

25. *Alterations in the particulars furnished with application for registration to be reported.*—Whenever any alteration occurs or is made which affect any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer shall forthwith furnish to the Superintendent of Insurance full particulars of such alteration.

26. (1) Every insurer registered, incorporated or domiciled in the State shall subject to the provisions of sub-section (2), at all times invest and hold invested assets equivalent to not less than 55 per cent. of the sum of the amount of his liabilities to holders of life insurance on account of matured claims and the amount required to meet the liability on policies of life insurance maturing for payment in the State, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance in approved securities;

Provided that an insurer, not being an insurer defined in sub-clause (*b*) of clause (9) of section 2, shall invest 68 per cent. of the sum instead of 55 per cent. in approved securities.

(2) An insurer carrying on business at the commencement of this Regulation to whom sub-section (1) applies shall before the expiry of four years from the commencement of this Regulation invest the total amount required to be invested by that sub-section in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (1) before the expiry of one year; not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Regulation.

(3) Every insurer, not being an insurer specified in sub-clause (*b*) of clause (9) of section 2, shall by a trust-deed appoint a trustee in the State for the sum to be invested under clauses (1) and (2). The said trustee shall be a subject of the State and such trust-deed shall be executed in favour of the Jammu and Kashmir Government and shall be registered in accordance with the provisions of the Registration Regulation, 1977. The trust-deed shall specify the manner in which sums may be invested.

27. *Statement of investments of assets.*—(1) Every insurer registered under this Regulation carrying on the business of life insurance, shall twice in every year, namely, within fourteen days of the 30th day of June and within fourteen days of the 31st day of December, submit to the Superintendent of Insurance a statement showing as at the said dates the assets held invested in the manner prescribed and such statement shall be certified by the principal officer of the insurer.

(2) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets held invested and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

28. *Prohibition of loans* —No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security or otherwise, except loans on life policies issued by him within their surrender value, to any director, manager, managing agent, actuary, auditor or officer of the insurer if a company, or where the insurer is a firm to any partner therein, or to any other company or firm in which any such director, manager, managing agent, actuary, officer or partner holds the position of a director, manager, managing agent, actuary, officer or partner :

Provided that nothing herein contained shall apply to loans made by an insurer to a banking company :

Provided further that every existing loan to any director, manager, managing agent, auditor, actuary, officer or partner, notwithstanding any contract to the contrary, shall be repaid within one year from the commencement of this Regulation, and in case of default, such defaulting director, manager, managing agent, auditor, actuary, officer or partner shall cease to hold office on the expiry of one year from the commencement of this Regulation :

Provided further that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company.

29. *Liability of directors etc., for loss due to contravention of section 27.*— If by reason of a contravention of any of the provisions of section 27, any loss is sustained by the insurer or by the policy-holders, every director, manager, managing agent, officer or partner who is knowingly a party to such contravention shall without prejudice to any other penalty to which he may be liable under this Regulation, be jointly and severally liable to make good the amount of such loss.

30. *Assets of insurer how to be kept.*— None of the assets in the State of any insurer shall, except in the case of deposits made with the Government under section 7 be kept otherwise than in the corporate name of the undertaking, if a company, or in the names of the partners, if a firm or in the name of the proprietor, if an individual.

31. *Limitation on employment of managing agents and on the remuneration payable to them.*—(1) No insurer shall after the commencement of this Regulation appoint a managing agent for the conduct of his business.

INSPECTION.

32. *Power of Superintendent of Insurance to order inspection.*—(1) If the Superintendent of Insurance has reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this Regulation or that an offence under this Regulation has been or is likely to be committed by an insurer or any officer of an insurer or if he receives a requisition in this behalf signed by share-holders of an insurer being a company less in number than one-tenth of the whole body of share-holders and holding not less than one-tenth of the whole share capital or if he receives a requisition in this behalf signed by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees and supported by an affidavit, he may, after giving notice to the insurer and giving him an opportunity to be heard, appoint, an auditor, or actuary or both, not being an auditor or actuary in the employ of the insurer, to investigate the affairs of the insurer or may himself make such investigation.

(2) The Court may, on the application of an insurer and after giving notice to and hearing the Superintendent of Insurance forbid such action by the Superintendent, if the insurer satisfies the Court that it is unnecessary in the circumstances.

(3) The results of any investigation made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer; and a copy of such report shall be furnished to the policy-holders who have sent a requisition for such an investigation.

(4) The Superintendent of Insurance may require the insurer to comply within a time to be specified by him (not being less than fifteen days from the receipt of the notice by the insurer)

with any directions he may issue to remedy defects disclosed by such inspection.

(5) If, as a result of any investigation made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policy-holders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued under sub-section (4), the Superintendent may, after giving notice to the insurer and giving him an opportunity to be heard apply to the Court to have the business of the insurer wound up.

33. *Powers of investigator*.---When any investigation is made in pursuance of section 32 the provisions of section 140 of the Companies Regulation shall apply for the purpose of such investigation as they apply to an investigation made in pursuance of section 138 of that Regulation and all expenses of and incidental to such investigation shall be defrayed for the insurer.

Amalgamation and Transfer of Insurance Business.

34. *Amalgamation and Transfer of Insurance Business*.—(1) No life insurance business of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court having jurisdiction over one or other of the insurers concerned.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(3) Before an application is made to the Court to sanction any such scheme notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reasons therefor shall at least two months before the application is made be sent to the Government, and certified copies of the following documents shall be furnished to the Government and shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely :—

(*a*) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer ;

(*b*) statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer ; and

(*c*) the actuarial or other reports on which the scheme was

founded including a report by an independent actuary on the proposed amalgamation or transfer.

(4) Where an application under sub-section (3) is made to the Court within three months from the commencement of this Regulation, the Court may, on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for registration and for the payment of the first instalment of the deposit under sections 3 and 7 for such period not exceeding nine months as the Court may think fit.

35. *Sanction of amalgamation and transfer by Court.*—When any application such as is referred to in sub-section (3) of section 34 is made to the Court, the Court shall cause if for special reasons it so directs, notice of the application to be sent to every person resident in the State who is the holder of a life policy of any insurer concerned and shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and after hearing the directors and such policy-holders as apply to be heard and any other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

36. *Statements required after amalgamation and transfer.*—Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

ASSIGNMENT OR TRANSFER OF POLICIES AND NOMINATIONS.

37. *Assignment and transfer of life insurance policies.*—(1) A transfer or assignment of a policy of life insurance, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(2) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representative any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business in the State by or on behalf of the transferor or transferee.

(3) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instruments of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (2) are delivered.

(4) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgement of the receipt of such notice and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement related.

(5) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee named in the notice as the only person entitled to benefit

under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

(6) The rights and remedies of the assignee or transferee of a policy of life insurance existing prior to the commencement of this Regulation shall not be affected by the provisions of this section.

(7) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life of the policy-holder, and an assignment in favour of the survivor or survivors of a number of persons, shall be valid.

38. *Nomination by policy-holder.*—(1) The holder of a policy of life insurance may when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be

(3) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgement of having done so

(4) A transfer or assignment of a policy made in accordance with section 37 shall automatically cancel a nomination.

(5) Where the policy matures for payment during the life-time of the policy-holder or where the nominee or, if there are more nominees than one all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal heirs or legal representatives or the holders of a succession certificate, as the case may be.

(6) Where the nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy survivor shall be payable to such survivor or survivors.

Commission and Rebates and Licensing of Agents.

39. *Prohibition of payment by way of commission or otherwise for procuring business.*—(1) No person shall, after the expiry of six months from the commencement of this Regulation, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance busine s in the State to any person except an insurance agent licensed under section 40 or a person acting on behalf of an insurer who for the purposes of insurance business employs licensed insurance agents.

(2) No insurance agent licensed under section 41 shall be paid or contract to be paid by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, forty per cent. of the first year's premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or, in the case of business of any other class, fifteen per cent., of the premium:

Provided that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the first year's premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.

(3) Nothing in this section shall prevent the payment under any contract existing prior to the operation of this Regulation, of gratuities or renewal commission to an insurance agent or to his representatives after his decease in respect of insuarnce business effected through him before the said date.

40. *Pr hibition of rebates.*—(1) No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to effect or renew an insurance in respect of any kind of risk relating to lives or property in the State any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(2) Any persons making default in complying with the provisions of this section shall be punishable with fine which may extend to one hundred rupees unless the default is made by a person effecting or renewing a policy, in which case he shall be punishable with fine which may extend to fifty rupees only.

41. *Licensing of insurance agents.*—(1) The Superintendent of Insurance or an officer authorised by him in this behalf shall in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making

an application under this section and not suffering from any of the disqualifications hereinafter mentioned a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business.

(2) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer.

(3) A licence issued under this section shall expire on the first day of Baisakh in each year, but shall, if the applicant does not suffer from any of the disqualifications hereinafter mentioned, be renewed from year to year on payment of a fee of one rupee.

(4) The disqualifications above referred to shall be the following :—

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a Court of competent jurisdiction ;

(*c*) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured.

(5) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which be may be liable, the Superintendent of Insurance shall, and if the agent has knowingly contravened any provision of this Regulation may, cancel the licence issued to the agent under this section.

42. *Register of insurance agents.*—(1) Every insurer and every person who acting on behalf of an insurer employs licensed insurance agents shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date, if any, on which his appointment ceased

(2) Any individual not holding a licence issued under section 41 who acts as an insurance agent shall be punishable with fine which may extend to fifty rupees, and any insurer who, or any person acting on behalf of an insurer who, appoints as an insurance agent any individual not so licensed, or transacts any insurance business in the State through any such individual, shall be punishable with fine which may extend to one hundred rupees.

(3) The provisions of sub-section (2) shall not take effect until the expiry of six months from the commencement of this Regulation.

43. *Prohibition of cessation of payments of commission.*—Notwithstanding anything to the contrary in a contract between any person and an insurance agent licensed under section 41 forfeiting or stopping payment of renewal commission to such insurance agent, no such person shall in respect of life insurance business done in the State refuse payment to an insurance agent of commission on renewal premiums due to him under the agreement by reason only of the termination of his agreement except for fraud:

Provided that such agent has served such person continually and exclusively for at least ten years, and provided further that, after his ceasing to act as agent, he does not directly or indirectly solicit or procure insurance business for any other person.

Special Provisions of Law.

44. *Policy not to be called in question on ground of misstatement after two years.*—No policy of life insurance effected before the commencement of this Regulation shall after the expiry of two years from the date of commencement of this Regulation and no policy of life insurance effected after the coming into force of this Regulation, shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false

45. *Application of State Law to policies issued in the State.*—The holder of a policy of insurance issued by an insurer in respect of insurance business transacted in the State after the commencement of this Regulation shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto to receive payment in the State of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in the State ; and if the suit is brought in the State any question of law arising in connection with any such policy shall be determined according to the law in force in the State.

46. *Payment of money into Court.*—(1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain

a satisfactory discharge for the payment of such amount, the insurer shall before the expiry of nine months from the date of the maturing of the policy apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(2) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(3) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal officer of the insurer setting forth the following particulars, namely : —

(*a*) the name of the insured person and his address ;

(*b*) if the insured person is deceased, the date and place of his death ;

(*c*) the nature of the policy and the amount secured by it ;

(*d*) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received ;

(*e*) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount ; and

(*f*) the address at which the insurer may be served with notice of any proceeding relating to disposal of the amount paid into Court.

(4) An application under this section shall not be entertained by the Court if the application is made before the expiry of six months from the death of the insured, or the maturing of the policy by survival.

(5) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer it shall allow the amount to be paid into Court and shall invest the amount in approved securities pending its disposal.

(6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3), and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.

(7) The Court shall cause notice to be given to every ascertained claimant of the fact that the amount has been paid into Court and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(8) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.

47. *Directors of insurers being companies.*—(1) Where the insurer is a company incorporated under the Companies Regulation and carries on the business of life insurance, not less than one-fourth of the whole number of the directors of the company shall be persons having the prescribed qualifications and holding policies of life insurance issued by the company, and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of life insurance issued by the company.

(2) This section shall not take effect until the expiry of one year from the commencement of this Regulation.

48. *Restriction on dividends and bonuses.*—No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, who carries on the business of life insurance shall in respect of such life insurance business declare or pay any dividend to shareholders or any bonus to policy-holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.

49. *Notice of options available to the assured on the lapsing of a policy.*—An insurer shall, within three months of the lapsing of a policy of life insurance, give notice to the policy-holder informing him of the options available to him.

50. *Supply of copies of proposals and medical reports.*—Every insurer shall on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the questions put to him and his answers thereto contained in his proposal for insurance and in the medical report supplied in connection therewith.

51. *Prohibition of business on dividing principal.*—No insurer shall after the commencement of this Regulation begin or after three years from that date continue to carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution of certain sums amongst policies becoming claims within certain time-limits or on the principle that the premiums payable by a policy-holder depend wholly or partly on the number of policies becoming claims within certain time-limits :

Provided that nothing in this section shall be deemed to prevent an insurer from allocating bonuses to holder of policies of life insurance as a result of a periodical acturial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise :

Provided further that an insurer who continues to carry on

insurance business on the dividing principle after the commencement of this Regulation shall withhold from distribution a sum of not less than forty per cent. of the premiums received during each year after the commencement of this Regulation in which such business is continued so as to make up the amount required for investment under section 26.

WINDING UP.

52. *Winding up by the Court.*—(1) The Court may order the winding up in accordance with the Companies Regulation of any insurance company and the provisions of that Regulation shall subject to the provisions of this Chapter, apply accordingly.

2. In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(*a*) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees ; or

(*b*) if the Superintendent of Insurance, who is hereby authorised to do so, applied in this behalf to the Court on any of the following grounds, namely:—

(*i*) that the company has failed to deposit or to keep deposited with the Government the amounts required by section 7 ;

(*ii*) that the company having failed to comply with any requirement of this Regulation has continued such failure for a period of three months after notice of such failure has been conveyed to the company by the Superintendent of Insurance ;

(*iii*) that it appears from the returns furnished under the provisions of this Regulation or from the results of any investgation made thereunder that the company is insolvent, or

(*iv*) that the continuance of the company is prejudicial to the interests of the policy-holders.

53. *Voluntary winding up.*—Notwithstanding anything contained in the Companies Regulation, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the

ground that by reason of its liabilities it cannot continue its business.

54. *Valuation of Liabilities.*—(1) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the sixth Schedule and to any directions which may be given by the Court.

(2) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rule aforesaid

(3) The rule in the sixth Schedule shall be of same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the Companies Regulation and rules may be made under that section for the purpose of carrying into effect the povisions of this Regulation with respect to the winding up of insurance companies.

55. *Application of surplus assets of life insurance found in liquidation or insolvency.*—(1) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(2) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to share-holders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of

the insurer shall be deemed to exceed his liabilities only in so far as those assets exceed those liabilities after such addition.

Provided that—

(*a*) if in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct, and

(*b*) for the purpose of the application of this sub-section to any case where before the commencement of the winding up or insolvency a proportion of such profits as aforesaid of a branch only of the life insurance business in question has been allocated to policy-holders, the value of the assets and liabilities of the insurer in respect of that branch shall be separately ascertained in like manner as the value of his assets and liabilities in respect of the life insurance business was ascertained, and the surplus so found, if any, of assets over liabilities shall, for the purpose of determining the amount to be added to the liabilities of the insurer in respect of the life insurance business be deemed to be the *prima facie* surplus.

56. *Winding up of secondary companies.* (1) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then, if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may by the same or any subsequent order appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of the winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it things most expedient upon the principles laid down in this section.

57. *Schemes for partial winding up of insurance companies.*—(1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Regulation.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for

altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(3) The provisions of this Regulation relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the Companies Regulation relating to the winding up of companies.

(4) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall as respects the alteration have effect as if it were an order confirmed under section 12 of the Companies Regulation and the provisions of sections 15 and 16 of that Regulation shall apply accordingly.

58. *Return of Deposit* —In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee, as the case may be shall apply to the Court for an order for the return of the Deposit made by the company under section 7 and the Court shall, on such application order a return of the Deposit subject to such terms and conditions as it shall direct.

59. *Notice of Policy Value.*—In the winding up of an insurance company for the purposes of a cash distribution of the assets and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company or other insurer to be entitled to or interested in the policies granted by the company or other insurer shall ascertain the value of the liability of the company or other insurer to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

60. *Power of Court to reduce contracts of insurance.*—(1) Where an insurance company is in liquidation or any other insurer is insolvent the Court may make an order reducing the amount of the insurance contracts of the company or other

insurer upon such terms and subject to such conditions as the Court thinks just

(2) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit in place of making a winding order reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(3) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, or by the Superintendent of Insurance and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

61. *Particulars to be filed by insurers established outside the State.*—Every insurer, having his principal place of business or domicile outside the State, who establishes a place of business within the State or appoints a representative in the State with the object of obtaining insurance business, shall within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(*a*) a certified copy of the charter, statutes, deed or settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and if the instrument is not written in the English language, a certified translation thereof;

(*b*) a list of the directors, if the insurer is a company;

(*c*) the name and address of some one or more persons resident in the State authorised to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him;

(*d*) the full address of the principal office of the insurer in the State.

62. *Books to be kept by insurers established outside the State.*—Every insurer having his principal place of business or domicile outside the State shall keep at his principal office in the State such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Regulation to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in the State to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

MISCELLANEOUS.

63. *Penalty for default in complying with or act in contravention of this Regulation.*—Except as otherwise provided in this Regulation, any insurer who makes default in complying with or acts in contravention of any requirement of this Regulation, and where the insurer is a company, any director, managing agent, manager or other officer of the company or where the insurer is a firm, any partner of the firm who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

64. *Penalty for transacting insurance business in contravention of section 3, 6 and 7.*—(1) Any insurer or any person acting on behalf of an insurer, who transacts any class of insurance business in contravention of any of the provisions of section 3, section 6, section 7, or does any one or more of the acts constituting the business of insurance in relation to any such class of insurance business shall be punishable with fine which may extend to two thousand rupees.

(2) Any person knowingly taking out a policy of insurance with any insurer or person guilty of an offence under sub-section (1) shall be punishable with fine which may extend to five hundred rupees

66. *Penalty for false statement of document.*—Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Regulation, wilfully makes a statement false in any material particular, knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

66. *Wrongfully obtaining or withholding property.*—Any director, managing agent, manager or other officer or employee of an insurer who wrongfully obtains possession of any property of the insurer or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or authorised by this Regulation shall, on the complaint of the insurer or any member or any policy-holder thereof be punishable with fine which may extend to one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully with-

held or wilfully misapplied and in default to suffer imprisonment for a period not exceeding two years.

67. *Wrongfully diminishing life insurance fund.*—If on the application of an insurer or any member of an insurance company or any policy-holder or the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Regulation the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer unless he proved that the contravention occurred without his consent or connivance and was not facilitated by any neglect or omission on his part; and the Court shall have all the powers which a Court has under sections 235 and 237 of the Companies Regulation and shall also have the power to assess the sum by which the amount of the life insurance fund has been diminished by reasons of the misfeasance and to order any person guilty thereof to contribute to that fund the whole or any part of that sum by way of compensation.

68. *Previous sanction of Government for institution of proceedings.*—Except where proceedings are instituted by the Superintendent of Insurance, no proceedings under this Regulation against an insurer or any director, manager or other officer of an insurer or any person who is liable under sub-section (2) of section 40 shall be instituted by any person unless he has previous thereto obtained the sanction of the Government in this behalf.

69. *Power of Court to grant relief*—If in any proceedings, civil or criminal it appears to the Court hearing the case that a person is or may be liable in respect of negligence, default, breach of duty or breach of trust but that he has acted honestly and reasonably and that having regard to all the circumstances of the case he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him either wholly or partly from his liability on such terms as it may think fit.

70. *Cognizance of offence.*—No Court inferior to that of a magistrate of the first class shall try any offence under this Regulation.

71. *Appeals.*—(1) An appeal shall lie to the Court having jurisdiction from any of the following orders, namely:—

(*a*) an order under section 3 refusing to register, or cancelling the registration of, an insurer;

(*b*) an order under section 5 directing the insurer to change his name;

(*c*) an order under section 41 cancelling the licence issued to an agent;

(*d*) an order made in the course of the winding up or insolvency of an insurer.

(2) The Court having jurisdiction for the purpose of sub-section (1) shall be the principal Court of civil jurisdiction within whose local limit the principal place of business of the insurer concerned is situate.

(3) An appeal shall lie from any order made under sub-section (1) to the authority authorised to hear appeals from the decisions of the Court making the same and the decision on such appeal shall be final.

72. *Service of notice.*—(1) Any process or notice required to be served on an insurer shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorised to accept notices on behalf of the insurer and left at or sent by registered post to, the address of such person as registered with the Superintendent of Insurance.

(2) Any notice or other document which is by this Regulation required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy:

Provided that, where any person claiming to be interested in a policy as transferee, assignee or nominee has given to an insurer notice in writing of his interest, any notice which is by this Regulation required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

73. *Declaration of interim bonuses.*—Notwithstanding anything to the contrary contained in this Regulation an insurer carrying on the business of life insurance shall be at liberty to declare an interim bonus or bonuses to policy-holders whose policies mature for payment by reason of death or otherwise during the inter-valuation period on the recommendation of the investigating actuary made at the last proceeding valuation.

74. *Acquisition of surrender values by policy.*—(1) Where a definite number of premiums is payable a policy of life insurance on which all premiums have been paid for three consecutive years shall acquire a guaranteed surrender value and notwithstanding any contract to the contrary shall not lapse by reason of non-payment of further premium but shall notwithstanding such non-payment be kept alive to the extent of its paid up value.

Explanation.—For the purposes of this sub-section the paid up value of a policy shall be an amount bearing to the total sum assured by the policy the same proportion as the total of the

premiums already paid on the policy bears to the total of the premiums payable under the policy.

(2) A policy kept alive to the extent of its paid up value under sub-section (1) shall not participate in any profits of the insurer earned after the conversion of the policy into a paid up policy.

(3) This section shall not apply to: —

(*a*) policies in respect of which the sum assured is payable only on the happening of a contingency which may not arise, or

(*b*) where the paid up value will be less than one hundred rupees, or

(*c*) where the parties after the default has occurred in the payment of the premium agree in writing to some other arrangement, or

(*d*) to policies in which the surrender value is automatically applied under the terms of the contract to maintaining the policy in force after its lapse through non-payment of premium.

75. *Power of Government to make rules.*—(1) The Government may, subject to the condition of previous publication by notification in the Government Gazette, make rules to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the qualifications to be possessed by actuaries;

(*b*) the manner in which it shall be determind for the purposes of this Regulation what is insurance business transacted in the State;

(*c*) the procedure to be followed in dealing with deposits made in pursuance of this Regulation including the receipt or, custody of, withdrawal of, and payment of interest on such deposits, and their inspection and verification by the Superintendent of Insurance;

(*d*) the manner in which the prospectuses and tables referred to in sub-section (1) of section 40 shall be published and the form in which they shall be drawn up;

(*e*) the matters to be prescribed for the purposes of section 47;

(*f*) the manner in which the investment of assets of an insurer shall take place;

(*g*) restrictions on loans;

(*h*) the manner in which statements of assets shall be furnished.

76. *Alteration of forms.*—The Government may, on the application or with the consent of an insurer, not being a company,

alter the forms contained in the Schedule as respects that insurer, for the purpose of adapting them to the circumstances of that insurer :

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Regulation so far as it is possible for the insurer to do so.

77. *Power to exempt from certain requirements*:—The Government may, by notification in the Government Gazette, exempt any insurer constituted, incorporated or domiciled in India from the provisions of section 6 relating to deposits or from furnishing statements and documents prescribed by any section or from the provisions of any other section relating to the keeping of assets in the State under section 26 either absolutely or subject to such conditions or modifications as may be specified in the notification.

78. *Saving of provisions of Companies Regulation* — Nothing in the Regulation shall affect the liability of an insurer being a company to comply with the provisions of the Companies Regulation, in matters otherwise specifically provided for by this Regulation.

79. *Exemption.*—Nothing in this Regulation shall apply to:—

(*a*) any recognised fund in existence maintained by or on behalf of Government servants or Government pensioners for the mutual benefit of contributors to the fund and of their dependents or

(*b*) any society registered under the Jammu and Kashmir Co-operative Societies Regulation No. 6 of 1993.

80. *Policy forms to be deposited with the Superintendent of Insurance.*—Every insurer registered under this Regulation shall deposit and keep deposited with the Superintendent of Insurance copies of all standard forms of policy contracts issued by him in the State.

81. *Amendment of section 130, Transfer af Property Regulation.*—To the Exception to section 130 of the Transfer of Property Regulation, the following words and figures shall be added, namely:—

"or affects, the provisions of section 37 of the Insurance Regulation".

THE FIRST SCHEDULE.

(See section 11.)

Instructions and Forms for the preparation of Balance-Sheet.

PART I.

INSTRUCTIONS.

1. The balance-sheet required to be prepared in respect of every class of business carried on by an insurer is, in the form in which it is set out in Part II of this Schedule (Form A), appropriate to a case where the insurer maintains a separate fund in respect of life insurance business.

2. The balance-sheet of life insurance business shall be prepared as a separate document. The balance-sheet of any class of business may be prepared as a separate document instead of being incorporated by the addition of columns and headings in the general balance-sheet, but the totals of each such separate balance-sheet (showing the total assets of the class of business the balance at the credit of the life insurance fund or other separate fund or account, the amount of share-holders' undivided profits, and outstanding liabilities) must in any case be incorporated in the general balance-sheet.

3. If any combined balance-sheet is for any purpose issued by an insurer, it shall be in accordance with the Form set out in this Shedule, and there shall not be included among the assets shown in any such combined balance-sheet any amount in respect of any holding in or advance to any insurer whose assets and liabilities have been incorporated therein. Every combined balance-sheet must show clearly on the face thereof that it is a combined balance-sheet and must set out fully the name of every insurer whose assets and liabilities have been incorporated therein; if the assets and liabilities of any person not being an insurer are included in a combined balance-sheet the fact must be stated thereon.

4. Where any guarantee has been given by an insurer (otherwise than in the ordinary course of re-insurance business) in respect of the policies of any other insurer, the balance-sheet of the insurer by whom the guarantee was given must show clearly the name of every insurer whose policies have been so guaranteed and the extent of the guarantee:

Provided that this Regulation shall not apply where a combined balance-sheet is issued incorporating the assets and liabilities of the insurer whose policies are guaranteed.

5. Where any part of the assets of an insurer is deposited in any place outside the State as security for the owners of policies issued in that place, the balance-sheet shall state that part of the assets has been so deposited, and, in any such part forms part of the life insurance fund, shall show the amount thereof and the place where it is deposited. Where any combined balance-sheet is issued by an insurer for any purpose, the information required by this Regulation shall be shown in the aggregate in respect of all the insurers whose assets and liabilities have been incorporated in the balance-sheet.

6. There shall be appended to the balance-sheet a statement in Form AA as set out in Part II of this Schedule showing the market value and the book value of the assets in the State.

7. Every balance-sheet shall contain the folowing certificates, namely :—

(*a*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet explaining how the values as shown in the balance-sheet of the Investments in Stocks and Shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown ;

(*b*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and signed also, so far as respects the value of any items shown in the balance-sheet under the heading of "Reservations and Life Interests" by an actuary, certifying that the values of all the assets have been reviewed as at the date of the balance-sheet, and that in their belief the assets set fourth in the balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings "Loans", "Reservations and Life Interests", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other Persons or Bodies carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

Provided that if the persons signing the certificate are unable to certify that the assets set fourth in the balance-sheet are so shown as aforesaid, a full explanation of the basis upon which the values

shown in the balance-sheet have been assessed shall be given in the certificate;

(*c*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and by the auditor certifying that no parts of the assets of the life insurance fund has been directly or indirectly applied in contravention of the provisions of this Insurance Regulation relating to the application and investment of life insurance funds; and

(*d*) certificates signed by the auditor (which shall be in addition to any other certificate or report which he is required by law to give with respect to the balance-sheet) certifying—

(*i*) that he has verified the cash balances and the securities relating to the insurer's loan, reversions and life interests, and investments;

(*ii*) to what extent, if any, he has verified the investments and transactions relating to trusts undertaken by the insurer as trustee ; and

(*iii*) in the case of a combined balance-sheet, that he has audited the balance-sheet and accounts of every insurer whose assets and liabilities are incorporated therein, or that any such balance-sheet and accounts which have not been audited by him have been certified by independent auditors. The said certificate shall contain a reference to such reservations, if any, as may have been made by any auditor upon any report or certificate given by him with respect to the balance-sheet and accounts of any insurer whose assets and liabilities are incorporated in the combined balance-sheet.

8. If the values shown in the balance-sheet in respect of "Holdings in Subsidiary Companies" or "House property (*i*) in the State (*ii*) out of the State have been increased since the last previous balance-sheet, the certificate required by paragraph (*b*) of the last foregoing regulation shall state the amount of every increase not solely due to the cost of subsequent additions or, as respects holdings in controlled companies, to increased profits, and shall contain an explanation of the reason therefor.

9. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "combined balance-sheet" includes any combined statement made by an insurer of assets and liabilities

in the form of a balance-sheet which includes the assets and liabilities of any other insurer ; and

(*b*) "market value" means as respects any asset the market value thereof as ascertained from published market quotations, or, if there be no such value, its fair value as between a willing buyer and a willing seller.

PART II.

FORMS.

Form A.

Form of Balance-Sheet.

Balance-Sheet of 19 .

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Shareholders Capital (each class to be stated separately)				*Loans*:			
Authorised:				On Mortgages of property within the State.			
.....Shares of Rs.....each Rs.				On Mortgages of property outside the State			
Subscribed:				On Security of Municipal and other public rates			
..... Shares of Rs.....each Rs.				On stocks and shares			
				On insurer's policies within their surrender value .. — ..			
				On personal security .. .			

Called up :

.....Shares of Rs.....each Rs.

Less Unpaid calls Rs.

Reserve or Contingency Accounts (a) :

Investment Reserve Account —

Profit and Loss Appropriation Account Balance .. .. —

Balance of Funds and Accounts ;

Life Insurance Fund .. ..

Fire Insurance Business Account ..

Accident and Miscellaneous Insurance Business Account .. ..

Other Accounts, if any (to be specified)(*i*)

Pension or Superannuation Accounts (*b*)

Debenture Stock per cent. .. —

Loans and Advances (*c*) .. ..

Bills Payable (*c*) .. .. ..

Estimated Liability in respect of outstanding claims, whether due or intimated (*d*) .. — ..

Annuities due and unpaid (*d*) ...

Outstanding dividends .. —

To Subsidiary Companies (other than Reversionary) (*f*) — —

Reversions and Life Interests :

Reversions and Life Interests purchased ..

Loans on Reversions and Life Interests ..

Debentures and Debenture Stocks of Subsidiary Reversionary Companies (*f*)..

Ordinary stocks and shares of Subsidiary Reversionary Companies (*f*) ..

Loans to Subsidiary Reversionary Companies (*f*) — .. —

Investments :

Deposit — — —

Bonds, Debentures, Stocks and other Securities whereon interest is guaranteed by the Indian Government or a provincial Government .. .. ..

Approved securities .. —

Debentures of any Railway in the State ..

Debentures of any Railway out of the State.

Holdings in Subsidiary Companies (*f*) ...

House property (*i*) in the State (*ii*) out of the State .. — ..

Freehold and Leasehold ground rents and rent charges .. — —

* Assets and Liabilities, Shareholders' Capital and Revenues, not allocated to any class of business specified in column (1) must be shown in column (2).

Form A.—(*concluded*).

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Amounts due to other Persons or Bodies carrying on Insurance Business (*c*) ..				Agent's Balances			
Sundry Creditors (including outstanding and accruing expenses and taxes) (*c*).				Outstanding Premiums (*g*)			
Other sums owing by the insurer (particulars to be given) (*c*) ... —				Interest, Dividends and rents outstanding (*d*) .. .. — ..			
Contingent Liabilities (to be specified) (*e*).				Interest, Dividends and rents accruing but not due (*d*)			
Rs————				Amounts due from other Persons or Bodies carrying on Insurance Business (*h*)			
				Sundry Debtors (*i*)			
				Bills receivable			
				Cash :			
				At Bankers on Deposit Account ..			
				At Bankers on Current Account and in hand			
				At call and Short notice (*j*)			
				Other accounts (to be specified) (*k*) ..			

*Assets and Liabilities, Shareholders' Capital and Reserves, not allocated to any class of business specified in column (1) must be shown in column (2).

Notes.—(*a*) The Reserves or Contingency Accounts must be separately stated.

(*b*) If the insurer has not full and unrestricted control of the assets constituting the Pension or Superannuation Accounts either those Accounts and the assets and liabilities relating thereto must be omitted from the balance-sheet or the assets of which the insurer has not such control must be clearly indicated on the face of the balance-sheet.

(*c*) If the insurer has deposited security as cover in respect of any of these items, the amount and nature of the securities so deposited must be clearly indicated on the face of the balance-sheet.

(*d*) These items are or have been included in the corresponding items in the Revenue or Profit and Loss Account. Outstanding and accruing interest, dividends and rents must be shown after deduction of income-tax must be provided for amongst the liabilities on the other side of the balance-sheet.

(*e*) Such items as amount of liability in respect of bills, discounted uncalled capital of subsidiary companies, uncalled capital of other investments, etc., must either be shown in their several categories under the heading "Contingent Liabilities" or the appropriate items on the assets side must be set out in such detail as will clearly indicate the amount of the uncalled capital.

(*f*) As respects life and annuity business full particulars of holdings in and loans to subsidiary companies must be stated, giving the name of each company, the number and description of each class of shares held, the amounts paid up thereon, and the value at which the holdings in each company stand in the balance-sheet.

(*g*) Either this item must be shown net or the commission must be provided for amongst the liabilities on the other side of the balance-sheet.

(*h*) The aggregate amount owing by a subsidiary company or subsidiary companies is to be shown separately from all other assets and the aggregate amount owing to a subsidiary company or subsidiary companies is to be shown separately from all other liabilities.

(*i*) Amounts due from directors and officers must be shown separately.

(*j*) No amounts must be entered under this heading unless fully secured. If not fully secured, the amounts must be included under the heading "Sundry Debtors".

(*k*) Under this heading must be included such items as the following, which must be shown under separate headings suitably described: office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future year's balance being Loss on Profit and Loss Appropriation Accounts, etc. The amounts included in the balance-sheet must not be in excess of cost.

(*l*) Under the head "Other accounts, if any (to be specified)" on the left hand side, fines realized from the staff and their contribution towards the provident fund, if any, should be shown under separate sub-heads.

FORM AA.

Classified Summary of the Assets of the.....Company on 19 .

Class of Asset.	Book value as per (*a*) below.	Market value as per (*b*) below.	Remarks as per (*c*) below.
	Rs.	Rs.	Rs.
(1) Approved Securities			
(2) Debentures			
(3) Shares and annuities			
(4) Loans on the Company's policies			
(5) Loans on Mortgage of property in India ..			
(6) Loans on personal security to persons domiciled and resident in the State			
(7) Other loans granted in the State			
(8) Land and House property in the State ..			
(9) Cash on deposit in Banks and treasury ..			
(10) Cash in hand and on current account in Banks.			
(11) Agent's balance and outstanding premiums ..			
(12) Interest, dividends and rents either outstanding or accrued but not due			
(13) Other assets in the State or outside ..			

The Statement shall show—

(*a*) the value for which credit is taken in the balance-sheet for each of the above mentioned classes of assets,

(*b*) the market value of such of the above-mentioned classes of assets as has been ascertained from published quotations after deduction of accrued interest included in market prices in those cases where accrued interest is included elsewhere in the balance-sheet,

(*c*) how the value of such of the above-mentioned classes of assets as has not been ascertained from published quotations has been arrived at, and

(*d*) the rates of exchange at which the values of the assets other than in rupee currency have been converted into rupees.

The market values need not be shown separately where they are not less than the book values and a certificate to that effect is appended to the statement.

No amounts on account of any of the following items may be entered in the statements—

Goodwill.

Preliminary, formation, organisation or development expenses.

Commission or discount on shares or debentures issued.

Commuted Commission.

Expenditure carried forward to be written off in future years.

THE SECOND SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Profit and Loss Accounts.

PART I.

INSTRUCTIONS.

1. The items on the income side of the Profit and Loss Appropriation Account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

2. Deductions from Interest, Dividends and Rents to be shown in respect of income-tax must include all amounts in respect of British Indian income-tax whether or not it has been or is to be deducted at source or paid direct.

3. The Interest, Dividends and Rents less income-tax thereon shown in the Revenue Accounts for any classes of business other than life insurance business, including annuity business may, if the insurer so desires, be included with the corresponding items in the Profit and Loss Account.

PART II.

FORMS.

FORM B.

Form of Profit and Loss Account.

Profit and Loss Account of for the year ended 19 .

	Rs. a. p.		Rs. a. p.
Taxes on the Insurer's Profits (not applicable to any particular Fund or Account) ...		Interest, Dividends and Rents (not applicable to any particular Fund or Account) Rs. Less-Income-tax thereon Rs.	

FORM B.—(*concluded*).

	Rs.	a.	p.		Rs.	a.	p.
Expenses of Management (not applicable to any particular Fund or Account)*...				Profit on realisation of investments (not credited to reserves or any particular Fund or Account) ...			
Loss on Realisation of Investments (not charged to reserves or any particular Fund or Account) ...				Appreciation of investments (not credited to reserves or any particular Fund or Account) ...			
Depreciation of investments (not charged to reserves or any particular Fund or Account) ...				Profit transferred from Revenue Accounts (details to be given).			
Loss transferred from Revenue Accounts (details to be given).				Transfer Fees ...			
Other Expenditure (to be specified) ...				Other income to be specified) ...			
Balance for the year carried to Appropriation Account ...				Balance being loss for the year carried to Appropriation Account) ...			

* If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount must be shown separately.

FORM C.

Form of Profit and Loss Appropriation Account.

Profit and Loss Appropriation Account of for the year ended 19 .

	Rs. a. p.		Rs. a. a.
Balance being loss brought forward from last year	...	Balance brought forward from last year Rs.	
Balance being loss for the year brought from Profit and Loss Account (as in Form B)	...	Less—Dividends since paid in respect of last year (to be specified and if "free of tax" to be so stated)* Rs.	
Dividends paid during the year on account of the current year (to be specified and if "free of tax" to be so stated)		Balance for the year brought from Profit and Loss Account (as in Form B)	...
Transfers to any particular Funds or Accounts (details to be given)	...	Balance being loss at the end of the year as shown in the balance-sheet	...
Balance at end of the year as shown in the balance-sheet	...		

*NOTE.—This item may be shown on the other side of the account if preferred.

THE THIRD SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Revenue Accounts.

PART I.

INSTRUCTIONS.

1 Form D is, as set out in Part II of this Schedule appropriate for life insurance business but a separate revenue account must be prepared for every class of business in respect of which the insurer is required to maintain a separate account.

2. Form F is, as set out in Part II of this Schedule appropriate for fire insurance business. A separate revenue account in the same form must be prepared for accident and miscellaneous insurance including workmen's compensation and motor car insurance.

3. If any combined revenue account is for any purpose issued by an insurer it must be in accordance with the forms specified in this Schedule and must clearly show on the face thereof that it is a combined revenue account and must set out fully the name of every insurer required to make separate returns under this Regulation whose revenue and expenditure have been included therein, if the revenue and expenditure of any person not being an insurer are included in a combined revenue accounts, the fact must be stated thereon.

4. The items on the income side of the revenue account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

5. Re-insurance premiums, whether on business ceded or accepted, are to be brought into account gross (*i. e.*, before deducting commissions) under the head of premiums.

6. As respects life insurance business the following statements shall be furnished to the Superintendent of Insurance every year showing details provided for in a form pertaining thereto :—

(*a*) A statement in form DD as set forth in Part II of this Schedule.

(*b*) A statement in form DDD as set forth in Part II of this Schedule.

(*c*) A statement in form DDDD as set forth in Part II of this Schedule.

7. The following information shall be supplied in addition to the revenue account, namely, the gross premium written in India for life, fire, and accident and miscellaneous insurance business.

8. Any office premises which form part of the assets of a life insurance fund must be treated as an interest earning investment, and accordingly, in the revenue account for life insurance business a fair rent for the premises must be included under the heading "Interest, Dividends and Rents" and in the revenue account for every class of business for which the premises are used proper charges for the use thereof must be included under the heading "Expenses of Management".

9. Where an insurer carries on the business of life insurance in conjunction with any other class of insurance business the expenses of management charged to the life insurance revenue account must not include more than a reasonable proportion of the common expenses and in particular, no such account must be charged with more than a fair sum for the use of any office premises having regard to the income from the various classes of business carried on and to the extent to which the premises are used for the purposes of each class of business.

10. Deductions from Interest, Dividends and Rents in respect of income-tax must include all income-tax charged on such income whether or not it has been or is to be deducted at source or paid direct.

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PART II.

FORMS.

FORM D.

Form of Revenue Account applicable to Life Insurance Business.

Revenue Account of for the year ended 19 .
in respect of Business.

	Business within the State.	Business out of the State.	Total.		Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Claims under policies (including provision for claims due or intimated) less Re-insurance --				Balance of Fund at the beginning of the year..			
By death ..				Premiums, Less Re-insurances—			
By maturity --				(*i*) First year premiums.			
Annuities, less Re-insurances ..				(*ii*) Renewal premiums.			
Surrenders (including Surrenders of Bonus), less Re-insurances --				(*iii*) Single premiums ..			
Bonuses in cash, less Re-insurances --				Consideration for annuities granted, less Re-insurances (*c*) --			
Bonuses in Reduction of premiums, less Re-insurances ..				Interest, Dividends and Rents Rs.			
Commission (less that on Re-insurances) --				Less-income-tax thereon Rs.			
Expenses of Management (*b*)— ..				Registration Fees ..			
1. Commission and allowances --				Other income (to be specified) --			
2. Salaries, etc. (other than to agents and those contained in item No. 1) ..				Loss transferred to Profit and Loss Account --			
3. Travelling expenses.				Transferred from Appropriation Account --			
4. Directors' fees ..							
5. Auditors' fees --							
6. Law charges --							

FORM D.—(*concluded*).

	Business within the State.	Business out of the State.	Total.	Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7. Advertisements ..						
8. Printing and Stationery ..						
9. Other expenses of management (accounts to be specified) ..						
10. Other payments (accounts to be specified) ..						
11. Rents for offices belonging to and occupied by the insurer ..						
12, Rents of other offices occupied by the insurer ..						
Bad debts ..						
Other expenditure (to be specified) ..						
Profit transferred to Profit and Loss Account ..						
Balance of Fund at the end of the year as shown in the balance-sheet ..						

NOTES.—(*a*) In the case of an insurer having his Head Office in the State these columns apply only to business the premiums in respect of which are payable outside India

(*b*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately. Under this item the salary paid to the managing agent or managing director shall be shown separately from the total amount paid as salaries to the remaining staff.

(*c*) All single premiums for annuities, whether immediate or deferred, must be included under this heading.

(*d*) Under the head "Other Income" fines, if any, realised from the staff must be shown separately. All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the revenue account except such sums as properly appertain to the capital account

(*e*) In the case of an insurer having his principal place of business outside the State, the expenses of management for business out of the State and total business need not be split up to the several sub-heads, if they are not so split up in his own country.

FORM DD.

Classified statement of life insurance policies of the———Company, for the year ending———19 .

	New life insurance business in respect of which a premium has been paid in the year.				*Total life insurance business in force at the end of the year.*		
	Number of policies.	Sums insured and annuities per annum.	Single premiums (including consideration for immediate annuities and all other premiums paid at the outset where no subsequent premium is payable.	Yearly renewal premium income.	Number of policies.	Sums insured with bonuses and annuities per annum.	Premium income for which credit has been taken in the revenue account.
		Rs.	Rs	Rs.		Rs.	Rs.
Ordinary Policies.							
In the State ..							
Out of the State ..							
Total ..							
Annuity contracts, etc							
In the State ..							
Out of the State ..							
Total ..							
Group Insurance Policies.							
In the State ..							
Out of the State ..							
Total ..							

The amount should be stated to the nearest rupees and after deduction of re-insurances.

FORM DDD.

Additions to and deductions from policies of the Company for the year ending 19 .

	Ordinary life insurance policies insuring money to be paid on death or survivance.			*Annuities.*	
	No.	**Sum assured.**	**Reversionary bonus additions.**	**No.**	**Annuity per annum.**
		Rs.	**Rs.**		**Rs.**
(1) Policies at beginning of year					
(2) New policies insured					
(3) Old policies revived					
(4) Old policies changed and increased					
(5) Bonus additions allotted					
Total					
Discontinued during year.					
(6) By death					
(7) By survivance or the happening of the contingencies incured against other than death.					
(8) By expiry of term under temporary insurances					
(9) By surrender of policy					
(10) By surrender of bonus					
(11) By forfeiture or lapse					
(12) By change and decrease					
(13) By being not taken up					
Total discontinued					
Total existing at end of year					

FORM DDDD.

Particulars of the policies forfeited or lapsed in the last financial year under review, less those revised and reinstated for full benefits, classified according to the year in which they were issued.

Financial year in which the policies were issued.	Number of policies forfeited or lapsed.	Sum insured under policies forfeited or lapsed.
Year ending 19 , being the year under review ...		
Year ending 19 , being the year previous to that under review ...		

And so on, the number of and sum insured under policies forfeited or lapsed in the last financial year under review being stated after classification according to each of the preceding years in which they were insured.

A separate statement must be given in respect of each class of life insurance business for which a separate revenue account is submitted.

Insurers having their principal place of business in the State shall give the information required in the form separately for business transacted in the State and business transacted outside and insurers having their principal place of business outside the State will furnish information regarding business transacted in the State.

FORM E.

Form of Revenue Account applicable to Fire Insurance Business and to Accident and Miscellaneous Insurance Business including Workmen's Compensation and Motor Car Insurance Business.

Revenue Account of for the year ended
19 , in respect of Business.

	Rs.		Rs.
Claims under Policies, less Re-insurances (*a*) (*d*):		Balance of Account at beginning of the year:	
Paid during the year Rs.		Reserve for unexpired Risks Rs.	
Total estimated liability in respect of outstanding claims at end of the year whether due or intimated Rs.		Additional Reserve (if any) Rs.	
Total ..		Premiums, less Re-insurances (*d*)	
Loss-outstanding at end of previous year (*b*) Rs.		Interest, Dividends and Rents Rs.	
		Less-income-tax thereon Rs.	
Commission			
Expenses of management (*c*) ..			
Bad debts		Other Income (to be specified) (*e*) ..	
United Kingdom, Fereign and Dominion Taxes		Loss transferred to Profit and Loss Account	
Other Expenditure to be specified ..		ransferred from Appropriation Account	
Profit transferred to Profit and Loss Account			
Balance of the Account at the end of the year as shown in the Balance-sheet :			
Reserve for unexpired Risks, being per cent. of premium income of year Rs.			
Additional Reserve(if any)Rs.			
Rs. ..		Rs. ..	

NOTES.—(*a*) This heading must include all expenses directly or indirectly incurred in settling claims.

(*b*) If in any year the claims actually paid and those still unpaid at the end of that year in respect of the previous year or years are in excess of the amount included in the previous year's Revenue Account as provision for outstanding claims, then the amount of such excess must be shown in the Revenue Account.

(*c*) If any sum has been deducted from this item and entered on the assets side balance-sheet the amount so deducted must be shown separately.

(*d*) Where the amount is furnished under the provisions of section 11 of the Insurance Regulation, separate figures for claims paid to claimants in the State and claimants outside the State and for premiums derived from business effected in the State and effected outside the State must be given.

(*e*) All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the Revenue account except such sums as properly appertain to the capital account.

THE FOURTH SCHEDULE.

(See Section 13)

Instructions for the preparation of Abstracts of Actuaries Reports and Requirements applicable to such Abstracts.

PART I.

INSTRUCTIONS.

1. Abstracts and Statements must be so arranged that the numbers and letter of the paragraphs correspond with those of the paragraphs of Part II of this Schedule.

2. In showing the proportion which that part of the annual premiums reserved as a provision for future, expenses and profits bears to the total of the annual premiums, in accordance with the requirements of paragraph 3 of Part II of this Schedule, no credit is to be taken for any adjustments made in order to secure that no policy is treated as an asset.

3. (1) The average rate of interest yielded in any year by the assets constituting a life insurance fund shall, for the purposes of paragraph 4 of Part II of this schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest credited to the life insurance fund during the year after deduction of income-tax charged thereon (any refund of income-tax in respect of expenses of management made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one-half of the amount of the life insurance fund at the beginning of the year to a sum equal to one-half of that fund at the end of the year, and deducting from the aggregate of those two sums an amount equal to one-half of the interest of the year.

(2) For the purposes of the calculation aforesaid either.—

(*a*) all profits and income arising during the year from sum invested in reversions shall be included in the interest credited to the life insurance fund during the year; or

(*b*) such portion of the life insurance fund as is invested in the purchase of reversions, and the profits and

income arising therefrom, shall be excluded from the calculation; but in that case a statement must be added to the information required under the said paragraph 4, showing in respect of the portion of the fund so excluded as aforesaid, the average rate of annual profit and income for which credit has been taken during the five years last preceding the valuation date, and explaining the manner in which the said average rate has been calculated.

(3) The information given in accordance with the requirements of the said paragraph 4 shall show clearly by which of the methods hereinbefore in this instruction mentioned the sums invested in reversions and the profits and income arising therefrom have been dealt with.

(4) Every abstract prepared in accordance with the requirements of Part II of this Schedule shall be signed by an actuary and shall contain a certificate by him to the effect that he has satisfied himself as to the accuracy of the valuations made for the purposes thereof and of the valuation data :

Provided that in the case of an abstract prepared on behalf of an insurance company, if the actuary who signs the abstract is not a permanent officer of the company, the certificate as to the accuracy of the valuation data shall be given and signed by the principal officer of the company and the actuary shall include in the abstract a statement signed by him showing what precautions he has taken to ensure the accuracy of the date.

5. For the purposes of this Schedule the following expressions have the meaning hereby respectively assigned to them, namely:—

"extra premium" means a charge for any risk not provided for in the minimum contract premium;

"inter-valuation period" means, as respects any valuation period; the period to the valuation date of that valuation from the valuation date of the last preceding valuation in connection with which an abstract was prepared under this Regulation or under the enactments repealed by this Regulation or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business;

"maturity date" means the fixed date on which any benefit will become payable either absolutely or contingently;

"net premiums" means as respects any valuation the premiums taken credit for in the valuation;

"premium term" means the period during which premiums are payable ;

"valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements applicable to an abstract in respect of Life Insurance Business.

The following tabular statements shall be annexed to every abstract prepared in accordance with the requirements of this Part of this Schedule, namely:—

(*a*) a Consolidated Revenue Account, in the Form G annexed to this Part of this Schedule, for the inter-valuation period (except that it shall not be necessary to prepare such an account in respect of any class of business so long as the insurer deposits annually with the Superintendent of Insurance an abstract in respect of that class of business) ; and

(*b*) a summary and valuation in the Eorm H annexed to this Part of this Schedule of the policies included at the voluation date in the class of business to which the abstract relates ; and

(*c*) a valuation Balance-Sheet in the Form I annexed to this Part of this Schedule ;

(*d*) a statement in Form DDD as set forth in Part II of the third Schedule of the additions to and deductions from the number of policies and the sums insured thereunder for each class of life insurance ; and

(*e*) a statement in Form DDDD as set forth in Part II of the third Schedule of particlars of policies forfeited or lapsed under each class of life insurance ;

and every such abstract shall show :

1. The valuation date.
2. The general principles and full details of the methods adopted in valuation of each of the various classes of insurances and annuities shown in the said Form H, including statements on the following points:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws or how otherwise ;

(*b*) the method by which the net premiums have been arrived at and how the ages at entry, premium

terms and maturity dates have been treated for the purpose of the valuation ;

(*c*) the methods by which the valuation age, period from the valuation date to the maturity date, and the future premium terms, have been treated for the purpose of the valuation ;

(*d*) the rate of bonus taken into account whereby the method of valuation definite provision is made for the maintenance of a specific rate of bonus ;

(*e*) the method of allowing for –

(*i*) the incidence of the premium income ; and

(*ii*) premiums payable otherwise than annually ;

(*f*) the methods by which provision has been made for following matters, namely :

(*i*) the immediate payment of claims ;

(*ii*) future expenses and profits in the case of limited payment and paid up policies ;

(*iii*) the reserve in respect of lapsed policies not included in the valuation, but under which a liability exists or may arise and whether any reserves have been made for the matters aforesaid ;

(*g*) whether under the valuation method adopted any policy would be treated as an asset, and if so, what steps, if any, have been taken to eliminate such asset ;

(*h*) a statement of the manner in which policies on under average lives and policies subject to premiums which include a charge for climatic, military or other extra risks have been dealt with ; and

(*i*) the rates of exchange at which liabilities in respect of policies issued in foreign currencies have been converted into rupees and what provision has been made for possible increase of liability arising from future variations in the rates of exchange.

3. The table of mortality used, and the rate of interest assumed, in the valuation.

4. The proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums separately specified in respect of insurances with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits.

5. The average rates of interest yielded by the assets whether invested or uninvested, constituting the life insurance fund for each of the years covered by the valuation date.

6. The basis adopted in the distribution of profits as between the insurer and policy-holders, and whether such basis

was determined by the instruments constituting the company, or by its regulations or bye-laws, or how otherwise.

7. The general principles adopted in the distribution of profits among policy-holders, including statements on the following points, namely:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws, or how otherwise;

(*b*) the number of years' premiums to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted;

(*c*) whether the bonus is allotted in respect of each year's premium paid, or in respect of each completed calendar year or year of assurance or how otherwise; and

(*d*) whether the bonus vests immediately on allocation or, if not, the conditions of vesting.

8. (1) The total amount of profits arising during the inter-valuation period, including profits paid away and sums transferred to reserve funds or other accounts during that period, and the amount brought forward from the preceding valuation (to be stated separately) and the allocation of such profits.—

(*a*) to interim bonus paid;

(*b*) among policy-holders with immediate participation, giving the number of the policies which participated and the sum assured thereunder (excluding bonuses);

(*c*) among policy holders with deferred participation. giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*d*) among policy-holders in the discounted bonus class, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*e*) to the insurer or, in the case of an insurance company, among shareholders or to shareholders' accounts (any such sums passed through the accounts during the inter-valuation period to be separately stated;

(*f*) as carried forward unappropriated.

2. Specimens of bonuses allotted as at the valuation date to policies for one thousand rupees.—

(*a*) for the whole term of life effected at the respective ages of 20, 30 and 40 and having been in force respectively for five years, ten years and upwards at intervals of ten years; and

(*b*) for endowment insurances effected at the respective ages of 20, 30 and 40, for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years;

together with the amounts apportioned under the various manners in which the bonus is receivable.

9. A statement in Form J annexed to this Part of this Sechedule of specimen policy reserve values held or required to be held according to the methods adopted in the valuation, and specimen minimum surrender values in respect of whole life insurance policies for Rs. 1,000 with premiums payable throughout life effected at the respective ages of 20, 30, 40 and 50, and immediately on payment of the first, second, third, fourth, sixth, seventh, eighth, ninth, tenth, fifteenth and twentieth annual premium; with similar specimen policy reserve values and specimen surrender values in respect of whole life insurance policies subject to premiums payable for 20 years and of endowment insurance policies maturing at age 55.

10. A statement showing how the liability under any disability clause in a policy has been determined in the valuation with full information of the tables of sickness or accident used for the purpose.

———

FORM G.

Consolidated Revenue Account of *for years commencing and ending 19* .

	Business within the State.	Total.		Business within the State.	Total.
	Rs.	Rs.		Rs.	Rs.
Claims under Policies (including provision for claims due or intimated) less Re-insurances—			Balance of life insurance fund at the beginning of the period ..		
By death			Premiums, less Re-insurances ..		
By maturity			Consideration for Annuities granted, less Re-insurances (*b*) ..		
Annuities, less Re-insurances ..			Interest, Dividends and Rents, Rs		
Surrenders (including Surrenders of bonuses), less Re-insurances ..			Less Income-tax thereon (*c*) Rs.		
Bonuses in cash, less Re-insurances					
Bonuses in reduction of premiums, less Re-insurances ..			Registration Fees ...		
Commission (less that on Re-insurances)			Other income (to be specified) ...		
Expenses of Management (*a*) ..			Loss transferred to Profit and Loss Account ..		
Agents' and Canvassers' allowance..			Transferred from Appropriation Account ..		
Salaries, etc. (other than to Agents and Canvassers)					
Travelling expenses					
Directors' fees					
Auditors' fees					
Medical fees					
Law charges					
Advertising					
Printing and Stationery ..					
Other expenses of Management (accounts to be specified) ..					
Other payments (accounts to be specified)					
Rents for offices belonging to and occupied by the company ..					

FORM G—(*concluded*).

	Business within the State.	Total.	Business within the State.	Total.
Rents of other offices occupied by the company				
Bad debts ..				
Other expenditure (to be specified) ..				
Profit transferred to Profit and Loss Account				
Balance of life insurance fund at end of the period as shown in the balance-sheet				
	Rs. ..		Rs. ..	

NOTE.—(*a*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately.

(*b*) All single premiums for annuities whether immediate or deferred, must be included under this heading.

(*c*) Foreign income-tax on Interest, Dividends and Rents must be shown under this heading, less any rebates of income-tax recovered from the revenue authorities in respect of expenses of management.

(*d*) In the case of an insurer having his principal place of business outside the State the expenses of management for the total business need not be split up into the several sub-heads, if they are not so split up in his own country.

FORM H.

Summary and Valuation of the Policies of *as at* 19 .

Description of Transactions.	Particulars of the Policies for valuation.			Valuation.			
	No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums	Net Liabilities.
DIVISION I.									
INSURANCES.									
Group A.—									
With immediate participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra premiums									
Total insurances									
Deduct-Re-Insurances									
Net Insurances									
Group B.—									
With deferred participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra Premiums									
Total Insurances									
Deduct-Re-Insurances									
Net Insurances									
Group C.—									
Under discounted bonus systems ..									
For whole term of life									
Other classes (to be specified)									

FORM H.—(*continued*).

Description of Transactions.	*Particulars of the Policies for valuation.*					*Valuation.*			
	No. of Policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Extra premiums .. -- --									
Total Insurances -- --									
Deduct-Re-Insurances .. --									
Net Insurances ... --									
Total Insurances with profits									
Group D.—									
Without participation in profits --									
For whole term of life ..									
Other classes (to be specified) ..									
Extra premiums -- -- --									
Total insurances									
Deduct-Re-insurances -- ...									
Net Insurances									
Total Insurances without profits ..									
Total of the Insurances shown in all groups									
Deduct-Re-Insurances .. --									
Net Amount of Insurances .. --									
Adjustments, if any (to be separately specified) .. -- --									
DIVISION II.									
ANNUITIES ON LIVES.									
Immediate Annuities ..									
Deferred Annuities with return of premiums									
„ „ without „ „ „									

FORM H.—(*concluded*).

Description of Transactions.	No. of policies.	Particulars of the Policies for valuation. Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Valuation. Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Other classes (to be specified)									
Total Annuities									
Deduct-Re-insurances									
Net Annuities on Lives									
Total of the results (after deductions of Re-insurances)									

NOTES.—1. Items in this Summary are to be stated to the nearest rupee.

2. No policy of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, is to be included in Group A, B, C, or D, of this Form: any such policies must be shown in a separate Group which must be added to the Form.

3. If policies without participation in profits but with a guaranteed rate of bonus are issued they must be separately specified in Group D of this Form.

4. Policies under which there is a waiver of premiums during disability must be shown as a separate class.

5. Separate forms must be prepared in respect of classes of policies valued by different tables of mortality or at different rates of interest or involving the valuation of net premiums on different bases.

6. In cases where separate valuations of any portion of the business are required under local laws in places outside British India and reserves based on such valuations are deposited in such places, a statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place with a statement as to such bases respectively.

7. Office and net premiums and the values thereof must be shown after deductions of abatements made by the application of bonus.

FORM I.

Valuation Balance-Sheet of *as at* *19* .

	Rs.		Rs.
Net liability under business as shown in the summary and valuation of policies.		Balance of Life Insurance Fund as shown in the Balance-sheet ...	
Surplus, if any ...		Deficiency, if any ...	
	—		—

NOTE. If the proportion of surplus allocated to the insurer, or in the case of an insurance company to share-holders, is not uniform in respect of all classes of insurances, the surplus must be shown separately for the classes to which the different proportions relate.

Form J.

Specimen policy reserve values and minimum surrender values under a **policy for Rs. 1,000.**

Serial No.	Number of premiums paid.	Age at Entry 20.		Age at entry 30.		Age at entry 40.		Age at entry 50.	
		Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.
*									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
15									
20									

NOTE.—Items in this Form to be stated to the nearest rupee.

FIFTH SCHEDULE.

(See Section 13)

Instructions for preparing statements of business in force and requirements applicable to such statements.

PART I.

INSTRUCTIONS.

1. Statements prepared under this Schedule must be prepared, so far as practicable, in tabular form and must be identified by numbers and letter corresponding with those of the paragraphs of Part II of this Schedule.

2. Except with respect to rates of premiums or contribution, items in statements prepared under this Schedule are to be shown to the nearest rupee.

3. Extra premium shown in the forms of Summary and Valuation prepared under the fourth Schedule to this Regulation must not be included in statements prepared under this Schedule.

4. Every statement prepared under this Schedule shall be signed by the actuary making the investigation in connection with which it is prepared.

5. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "annual loading" means the provision made for future expenses and profits;

(*b*) "extra premiums" means a charge for any risk not provided for in the minimum oontract premium ;

(*c*) "net premiums" means the premiums taken credit for in the valuation in connection with which any statement is prepared ; and

(*d*) "valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

REQUIREMENTS FOR STATEMENTS APPLICABLE TO LIFE INSURANCE BUSINESS.

The statements required to be prepared under this Part of this Schedule are as follows, namely :—

1. Statements, separately prepared in respect of policies with

and without participation in profits, showing :—

(*a*) as respects policies for the whole term of life, the rates of office premiums charged, in accordance with the published tables in use, for new policies giving the rates for decennial ages at entry from 20 to 70 inclusive ; and

(*b*) as respects endowment insurance policies, the rates of office premiums charged, in accordance with the published tables in use for new policies with original terms of ten, fifteen, twenty, thirty and forty years, giving the rates for decennial ages at entry from 20 to 40 inclusive, but excluding policies under which the age at maturity exceeds 60.

2. Statements, separately prepared in respect of policies with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits, showing in quinquennial groups—

(*a*) as respects policies for the whole term of life—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped according to ages attained ;

(*ii*) the amunt per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life, and of the corresponding net premiums, grouped according to ages attained ; and

(*iii*) the amount per annum, after deducting abatements made by application of bonus of office premiums payable for a limited number of years, and either the corresponding net premiums grouped in accordance with the grouping adopted for the purposes of the valuation, or, the annual loading reserved for the remaining duration of the policies, grouped according to ages attained;

(*b*) as respects endowment insurance policies—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately) grouped in accordance with the grouping adopted for the purposes of the valuation :

Provided that—

(*a*) as respects endowment insurance policies which will reach maturity in less than five years, the information required by sub-paragraph (*b*) (*i*) of this paragraph must be given for each year instead of in quinquennial groups ; and

(*b*) where the office premiums payable under policies for the whole term of life for a limited number of years, or the office premiums payable under endowment insurance policies, or the corresponding net premiums are grouped for the purposes of the valuation otherwise than according to the number of years payments remaining to be made or where the sums assured under endowment insurance policies are grouped for the purposes of the valuation otherwise than according to the years in which the policies will mature for payment or in which they are assessed to mature if earlier than the true year, then in any such case the valuation constants and an explanation of the method by which they are calculated must be given for each group, and in the case of the sums assured under endowment insurance policies a statement must also be given of the amount assured maturing for payment in each of the two years following the valuation date;

(*ii*) the amouut per annum, after deducting abatements made by application of bonuses of office premium payable and of the corresponding net premium grouped in accordance with the grouping adopted for the purposes of the valuation

3. Statements as respects any policies in force under which premiums cease to be payable, whether permanently or temporarily during disability arising from sickness or accident, showing the total amount of the office premiums payable.

4. Statements as respects immediate annuities on single lives for the whole term of life, separately prepared in respect of annuities on male and female lives, showing in quinquennial age groups the total amount of such annuities.

5. Statements as respects deferred annuities, separately prepared in respect of annuities on male and female lives, showing the specimen reserve values for annuities of one hundred rupees which will be produced on maturity on the basis of valuation adopted at ages, in the case of male lives, 60 and 65, and in the case of female lives, 55 and 60; the said statements must show the specimen reserve values which will be produced under the table of annual premiums in use for new policies, and if under any other table of annual premiums in use for any other deferred annuity policies in force smaller reserve values will be pro-

duced, the like specimens of these must also be given.

6. Statements as respects any policies of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, showing the total claims paid since the date as at which the last statements were prepared under this Part of this Schedule or, where no such statements have been prepared since the date on which the insurer began to carry on the class of business to which the statements relate, and the reserve for unexpired risks and outstanding claims.

K UNIVERSITY LIB.
K. DIVISION
No.....

THE SIXTH SCHEDULE.

(See section 55)

Rule as to the valuation of the Liabilities of an Insurer in Insolvency or Liquidation.

The liabilities of an insurer in respect of current contracts effected in the course of life insurance business including annuity business, shall be calculated by the method and upon the basis to be determined by an actuary approved by the Court, and the actuary so approved shall, in determining as aforesaid, take into account :

(*a*) the purpose for which such valuation is to be made;
(*b*) the rate of interest and the rates of mortality and sickness to be used in valuation; and
(*c*) any special directions which may be given by the Court.

The liabilities of an insurer in respect of current policies other than life policies shall be such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid.

CERTIFICATE.

The above Regulation was passed by the Jammu and Kashmir Praja Sabha on 18th April 1939 corresponding to 6th Baisakh 1996 and received the assent of His Highness the Maharaja Bahadur on 8th August 1939 corresponding to 24th Sawan 1996.

(Sd.) HIRANAND RAINA,

Secretary to Government, Praja Sabha Department.

HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

REGULATION No. XV OF 1996.

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A Regulation to provide for the regulation of the Business of Insurance.

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HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

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REGULATION No. XV OF 1996.

A Regulation to provide for the regulation of the Business of Insurance.

WHEREAS it is expedient to provide for the regulation of the Business of Insurance, it is hereby enacted as follows :—

PART I.

PRELIMINARY.

1. *Short title, extent and commencement.*—(1) This Regulation may be called the Jammu and Kashmir Insurance Regulation, 1996.

(2) It extends to the whole of Jammu and Kashmir State.

(3) It shall come into force on such date as the Government may by notification in the Government Gazette, appoint in this behalf.

2. *Definitions.*—In this Regulation unless there is anything repugnant in the subject or context :—

(1) "actuary" means an actuary possessing such qualifications as may be prescribed ;

(2) "Policy-holder" means the person who for the time being is a legal holder of the policy and includes the person who is the absolute assignee of the benefits under the policy ;

(3) "approved securities" means securities for money issued under the authority of any Act of a Legislature established in British India and include dabentures or other securities issued under the authority of His Highness' Government in this behalf ;

(4) "auditor" means a person qualified under the provisions of section 144 of the Companies Regulation, to act as an auditor of companies ;

(5) "certified" in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified by a principal officer of the insurer to be a true copy or a correct translation, as the case may be ;

(6) "Court" means the principal civil court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction ;

(7) "Prescribed" means prescribed by rules made under this Regulation ;

(8) "insurance company" means any insurer being a company, association or partnership which may be wound up under the Companies Regulation or to which the Partnership Regulation applies ;

(9) "insurer" means—

(*a*) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than the State carrying on insurance business which—

(*i*) carries on that business within the State or

(*ii*) has his or its principal place of business within the State ;

(*iii*) with the object of obtaining insurance business, employs a representative, or maintains a place of business in the State ;

(*b*) any body corporate carrying on the business of insurance, which is a body corporate incorporated under any law for the time being in fore in the State, or stands to any such body corporate in the relation of a subsidiary company within the meaning of the Companies Regulation as defined by sub-section (2) of section 2 of that Regulation ;

(10) "insurance agent" means an insurance agent licensed under section 41 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business ;

(11) "life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life and, if so provided in the contract of insurance, disability and double indemnity accident benefits ;

(12) "manager" and "officer" have the meanings assigned to those expressions in clauses (9) and (11) respectively of section 2 of the Companies Regulation ;

(13) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise

provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called ;

Explanation.—If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of section 31 of this Regulation ;

(14) " Superintendent of Insurance " means the officer appointed by the Government to perform the duties of the Superintendent of Insurance under this Regulation ;

(15) " State " means the Jammu and Kashmir State.

PART II.

Provisions Applicable to Insurers.

3. *Registration*.—(1) No insurer shall, after the commencement of this Regulation begin to carry on any class of insurance business within the State and no insurer carrying on any class of insurance business in the State shall, after the expiry of one year from the commencement of this Regulation continue to carry on any such business, unless he has obtained from the Superintendent of Insurance a certificate of registration.

(2) Every application for registration shall be accompanied by—

(*a*) a certified copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Companies Regulation or, in the case of any other insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, a certified copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business outside the State, the document specified in clause (*a*) of section 60 ;

(*b*) the name, address and the occupation, if any, of the directors where the insurer is a company incorporated under the Companies Regulation, and in the case of an insurer specified in sub-clause (*a*) (*ii*) of clause (9) of section 2 the names and addresses of the proprietors and of the manager in the State and in any other case the full address of the principal office of the insurer and the names of the directors and the manager at such office and the name and address of some one or more persons resident in the State authorised to accept any notice required to be served on the insurer ;

(*c*) a statement of the class or classes of insurance business done or to be done, and a statement that the amount required to be deposited by section 7 before application for registration is made has been deposited together with a certificate from the Government treasury showing the amount deposited;

(*d*) in the case of an insurer having his principal place of business outside British India a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country;

(*e*) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound;

Provided that in the case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statements shall be complied with, only so far as prospectus, forms and statements may be available; and

(*f*) the prescribed fee for registration being not more than one hundred rupees for such class of business.

(3) In the ease of any insurer having his principal place of business or domicile outside British India the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satistied that in the country in which such insurer has his principal place of business or domicile Indian nationals are debarred by the law or practice of the country relating to, or applied to, insurance from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 61 and section 62 is not satisfied.

(4) In the case of any insurer the Superintendent of Insurance shall cancel a registration already made if the insurer fails to comply with the provisions of section 7 as to deposits.

(5) When the Superintendent of Insurance withholds or cancels any registration under sub-section (3) or sub-section (4) he shall give notice in writing to the insurer of his decision and

the decision shall take effect on such date as he may specify in that behalf in the notice, such date not being less than one month nor more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Regulation applicable to him, grant the insurer a certificate of registration.

4. *Minimum limit for annuities and other benefits secured by policies of life insurance.*— (1) No insurer shall pay or undertake to pay on any policy of life insurance issued after the commencement of this Regulation an annuity of twenty-five rupees or less or a gross sum of rupees two hundred and fifty or less exclusive of any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount.

(2) Nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.

5. *Restriction on name of insurer* —(1) An insurer shall not be registered by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies his consent to the Superintendent of Insurance.

(2) If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first-mentioned insurer shall, if called upon to do so by the Superintendent of Insurance on the application of the second-mentioned insurer, change his name within a time to be fixed by the Superintendent of Insurance.

6. *Requirements as to capital.*—No insurer shall be registered unless he has as working capital a net sum of not less than twenty-five thousand rupees exclusive of the deposit to be made before registration under this Regulation.

7. *Deposits.*—(1) Every insurer shall, in respect of the insurance business carried on by him in the State deposit and keep deposited with the Government cash or approved securities, estimated at the market value of the securities on the day of

deposit, of the amount hereafter specified, namely :—

(*a*) Where the business done or to be done is life insurance only, fifty thousand rupees ;

(*b*) where the business done or to be done is fire insurance only, thirty thousand rupees ;

(*c*) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, thirty thousand rupees ;

(*d*) where the business done or to be done includes life insurance and any one or both of the two classes specified in clauses (*b*) and (*c*), one lac rupees of which fifty thousand rupees shall be deposited for life insurance business ;

(*e*) where the business done or to be done does not include life insurance but includes all classes specified in clauses (*b*) and (*c*), sixty thousand rupees.

(2) The deposit may be made by an insurer in instalments of not less than one-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in the State, and the balance before the expiry of three years from the commencement of business in the State :

Provided that in the case of any insurer not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 and not being an insurer incorporated in or domiciled in the United Kingdom or India, the deposit shall be made in full before the application for registration is made.

(3) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) or sub-section (2) shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business or so much thereof as under the provisions of this section is to be made before the application for registration, has also been made in full.

(4) If any part of a deposit made under this section is used in the discharge of any liability of the insurer the insurer shall deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied within a period of two months from the date when the deposit or any part thereof si so used for discharge of liabilities.

8. *Reservation of deposits.*—(1) Any deposit made under section 7 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge ; nor shall it be available for the discharge of any liability of the insurer other than, liabilities arising out of policies of insurance issued by the insurer so long as any such liabilities remain undischarged ; nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt the policy-holder has failed to realise in any other way.

(2) Where a deposit is made in respect of life insurance business the deposit made in respect thereof shall not be available for the discharge of any liability of the insurer other than liabilities arising out of policies of life insurance issued by the insurer.

9. *Refund of deposits.*—Where an insurer has ceased to carry on in the State any class of insurance business in respect of which a deposit has been made under section 7 and his liabilities in the State in respect of business of that class have been satisfied or are otherwise provided for, the Court may, on the application of the insurer, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

10. *Separation of accounts and funds.*—(1) Where the insurer carries on business of more than one of the classes specified in sub-section (1) of section 7, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(2) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund

(3) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly save as provided in section 48 for any purposes other than those of life insurance.

11. *Accounts and balance-sheet.*—(1) Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance

business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State, shall at the expiration of each calendar year prepare with reference to that year—

(*a*) in accordance with the instructions contained in Part I of the first Schedule a balance-sheet in the form set forth in Part II of that Schedule;

(*b*) in accordance with the instructions contained in Part I of the second Schedule a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in sub-eection (1) of section 7 and no other business;

(*c*) in respect of each class of insurance business carried on by him in accordance with the instructions contained in Part I of the third Schedule, a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(2) Unless the insurer is a company to which the Companies Regulation applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company, by the chairman, if any, and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

12. *Audit*.—The balance-sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him, shall, unless they are subject to audit under the Companies Regulation in the State be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 145 of the Companies Regulation.

13. *Actuarial report and abstract*.—(1) Every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in the State, and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*)

of clause (9) of section 2 in respect of all life insurance business transacted by him, once at least in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the instructions contained in Part I of the fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the fifth Schedule, and prepared in accordance with the instructions contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract:

Provided that if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Regulation.

14. *Register of policies and register of claims.*—Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of sub-clause (9) of section 2 in respect of all business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State shall maintain—

(*a*) a register or record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policy-holder, the date when the policy was effected and a record of any

transfer, assignment or nomination of which the insurer has notice, and

(*b*) a register or record of claims, in which shall be entered every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds therefor.

15. *Submissions of returns.*—(1) The audited accounts and statements referred to in section 11 and the abstract and statement referred to in section 13 shall be printed, and four certified copies thereof shall be furnished as returns to the Superintendent of Insurance within six months from the end of the period to which they refer. The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 13 by a period not exceeding three months :

Provided that the said period of six months shall in the case of insurers having their principal place of business or domicile outside the State and in the case of insurers constituted, incorporated in the State but also carrying on business outside the State be extended by three months, and provided further that the Government may in any case extend the time allowed by this sub-section for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four certified copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officers of the company and, if the company has a managing director or managing agent, by that director or managing agent, in the case of a firm, by two partners of the firm, and, in the case of an insurer being an individual, by the insurer himself.

(3) Where the insurer's principal place of business or domicile is outside the State he shall forward to the Superintendent of Insurance, along with the documents referred to in section 11, the balance-sheet, profit and loss account and valuation statements, if any, which the insurer is required to file with the public authority of the country in which the insurer is constituted, incorporated or domiciled, or where such documents are not required to be filed, a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

16. *Exemption from certain provisions of the Regulation.*—Where an insurer, being a company incorporated under the Companies Regulation in any year furnished his accounts and balance-sheet in accordance with the provisions of the foregoing section 15, he may at the same time send to the Registrar of the

Companies a certified copy of such accounts and balance-sheet ; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that Regulation and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

17. *Furnishing reports.*—Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

18. *Abstract of proceedings of general meetings.*—Every insurer being a company or body incorporated under any law for the time being in force in the State shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates.

19. *Custody and inspection of documents and supply of copies.*—(1) Fvery return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection ; and any person may procure a copy of any such return, or of any part thereof on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied, any five figures being deemed equivalent to one word.

(2) A printed or certified copy of the accounts, statements and abstract furnished in accordance with the provisions of section 15 shall, on the application of any share-holder or policy-holder made at any time withtin two years from the date on which the document was so furnished, be supplied to him by the insurer within fourteen days when the insurer is constituted, incorporated or domiciled in the State and in any other case within one month of such application.

(3) A copy of the memorandum and articles of association of the insurer if a company shall on the application of any policy-holder be supplied to him by the insurer on payment of one rupee.

20. *Powers of Superintendent of Insurance regarding returns.*—(1) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this Regulation is inaccurate or defective in any respect, he may—

(*a*) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return ;

(*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in the State any book of account, register or other docu-

ment or to supply any statement which he may specify in a notice served on the insurer for the purpose ;

(*c*) examine any officer of the insurer on oath in relation to the return ;

(*d*) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which the requisition asking for correction of the inaccuracy or supply of the deficiency was delivered to the insurer and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisicns of section 15 relating to the furnishing of returns.

(2) The Court may on the application of an insurer and after hearing the Superintendent cancel any order made by the Superintendent under clause (*a*) (*b*) or (*c*) of sub-section (1) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

21. *Power of Superintendent of Insurance to order revaluation.*—If it appears to the Superintendent of Insurance that an investigation or valuation to which section 13 refers dces not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may, after giving notice to the insurer and giving him an opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by the insurer for this purpose and approved by the Superintendent of Insurance.

22. *Evidence of documents.* - (1) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(2) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a return so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

23. *Summary of returns to be published.*—The Government shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Regulation or purporting to be under this Regulation which have been furnished to the Superintendent of Insurance for the year preceding the year of publication and may append tosuch summary any note of the Government and any correspondence in relation thereto.

24. *Returns to be published in statutory forms.*—No insurer shall publish in the State any return in a form other than that in which it has been furnished to the Superintendent of Insurance :

Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity.

25. *Alterations in the particulars furnished with application for registration to be reported.*—Whenever any alteration occurs or is made which affect any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer shall forthwith furnish to the Superintendent of Insurance full particulars of such alteration.

26 (1) Every insurer registered, incorporated or domiciled in the State shall subject to the provisions of sub-section (2), at all times invest and hold invested assets equivalent to not less than 55 per cent. of the sum of the amount of his liabilities to holders of life insurance on account of matured claims and the amount required to meet the liability on policies of life insurance maturing for payment in the State, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance in approved securities;

Provided that an insurer, not being an insurer defined in sub-clause (*b*) of clause (9) of section 2, shall invest 68 per cent. of the sum instead of 55 per cent. in approved securities.

(2) An insurer carrying on business at the commencement of this Regulation to whom sub-section (1) applies shall before the expiry of four years from the commencement of this Regulation invest the total amount required to be invested by that sub-section in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (1) before the expiry of one year; not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Regulation.

(3) Every insurer, not being an insurer specified in sub-clause (*b*) of clause (9) of section 2, shall by a trust-deed appoint a trustee in the State for the sum to be invested under clauses (1) and (2). The said trustee shall be a subject of the State and such trust-deed shall be executed in favour of the Jammu and Kashmir Government and shall be registered in accordance with the provisions of the Registration Regulation, 1977. The trust-deed shall specify the manner in which sums may be invested.

27. *Statement of investments of assets.*—(1) Every insurer registered under this Regulation carrying on the business of life insurance, shall twice in every year, namely, within fourteen days of the 30th day of June and within fourteen days of the 31st day of December, submit to the Superintendent of Insurance a statement showing as at the said dates the assets held invested in the manner prescribed and such statement shall be certified by the principal officer of the insurer.

(2) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets held invested and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

28. *Prohibition of loans* — No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security or otherwise, except loans on life policies issued by him within their surrender value, to any director, manager, managing agent, actuary, auditor or officer of the insurer if a company, or where the insurer is a firm to any partner therein, or to any other company or firm in which any such director, manager, managing agent, actuary, officer or partner holds the position of a director, manager, managing agent, actuary, officer or partner :

Provided that nothing herein contained shall apply to loans made by an insurer to a banking company :

Provided further that every existing loan to any director, manager, managing agent, auditor, actuary, officer or partner, notwithstanding any contract to the contrary, shall be repaid within one year from the commencement of this Regulation, and in case of default, such defaulting director, manager, managing agent, auditor, actuary, officer or partner shall cease to hold office on the expiry of one year from the commencement of this Regulation :

Provided further that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company.

29. *Liability of directars etc., for loss due to contravention of section 27.*— If by reason of a contravention of any of the provisions of section 27, any loss is sustained by the insurer or by the policy-holders, every director, manager, managing agent, officer or partner who is knowingly a party to such contravention shall without prejudice to any other penalty to which he may be liable under this Regulation, be jointly and severally liable to make good the amount of such loss.

30. *Assets of insurer how to be kept.*— None of the assets in the State of any insurer shall, except in the case of deposits made with the Government under section 7 be kept otherwise than in the corporate name of the undertaking, if a company, or in the names of the partners, if a firm or in the name of the proprietor, if an individual.

31. *Limitation on employment of managing agents and on the remuneration payable to them.*—(1) No insurer shall after the commencement of this Regulation appoint a managing agent for the conduct of his business.

Inspection.

32. *Power of Superintendent of Insurance to order inspection.*—(1) If the Superintendent of Insurance has reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this Regulation or that an offence under this Regulation has been or is likely to be committed by an insurer or any officer of an insurer or if he receives a requisition in this behalf signed by share-holders of an insurer being a company less in number than one-tenth of the whole body of share-holders and holding not less than one-tenth of the whole share capital or if he receives a requisition in this behalf signed by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees and supported by an affidavit, he may, after giving notice to the insurer and giving him an opportunity to be heard, appoint, an auditor, or actuary or both, not being an auditor or actuary in the employ of the insurer, to investigate the affairs of the insurer or may himself make such investigation.

(2) The Court may, on the application of an insurer and after giving notice to and hearing the Superintendent of Insurance forbid such action by the Superintendent, if the insurer satisfies the Court that it is unnecessary in the circumstances.

(3) The results of any investigation made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer ; and a copy of such report shall be furnished to the policy-holders who have sent a requisition for such an investigation.

(4) The Superintendent of Insurance may require the insurer to comply within a time to be specified by him (not being less than fifteen days from the receipt of the notice by the insurer)

with any directions he may issue to remedy defects disclosed by such inspection.

(5) If, as a result of any investigation made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policy-holders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued under sub-section (4), the Superintendent may, after giving notice to the insurer and giving him an opportunity to be heard apply to the Court to have the business of the insurer wound up.

33. *Powers of investigator.*---When any investigation is made in pursuance of section 32 the provisions of section 140 of the Companies Regulation shall apply for the purpose of such investigation as they apply to an investigation made in pursuance of section 138 of that Regulation and all expenses of and incidental to such investigation shall be defrayed for the insurer.

Amalgamation and Transfer of Insurance Business.

34. *Amalgamation and Transfer of Insurance Business*—(1) No life insurance business of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court having jurisdiction over one or other of the insurers concerned.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(3) Before an application is made to the Court to sanction any such scheme notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reasons therefor shall at least two months before the application is made be sent to the Government, and certified copies of the following documents shall be furnished to the Government and shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely :—

(*a*) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer ;

(*b*) statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer ; and

(*c*) the actuarial or other reports on which the scheme was

founded including a report by an independent actuary on the proposed amalgamation or transfer.

(4) Where an application under sub-section (3) is made to the Court within three months from the commencement of this Regulation, the Court may, on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for registration and for the payment of the first instalment of the deposit under sections 3 and 7 for such period not exceeding nine months as the Court may think fit.

35. *Sanction of amalgamation and transfer by Court.*—When any application such as is referred to in sub-section (3) of section 34 is made to the Court, the Court shall cause if for special reasons it so directs, notice of the application to be sent to every person resident in the State who is the holder of a life policy of any insurer concerned and shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and after hearing the directors and such policy-holders as apply to be heard and any other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

36. *Statements required after amalgamation and transfer.*—Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

ASSIGNMENT OR TRANSFER OF POLICIES AND NOMINATIONS.

37. *Assignment and transfer of life insurance policies.*—(1) A transfer or assignment of a policy of life insurance, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(2) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representative any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business in the State by or on behalf of the transferor or transferee.

(3) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instruments of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (2) are delivered.

(4) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgement of the receipt of such notice and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement related.

(5) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee named in the notice as the only person entitled to benefit

under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

(6) The rights and remedies of the assignee or transferee of a policy of life insurance existing prior to the commencement of this Regulation shall not be affected by the provisions of this section.

(7) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life of the policy-holder, and an assignment in favour of the survivor or survivors of a number of persons, shall be valid.

38. *Nomination by policy-holder.*—(1) The holder of a policy of life insurance may when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be

(3) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgement of having done so

(4) A transfer or assignment of a policy made in accordance with section 37 shall automatically cancel a nomination.

(5) Where the policy matures for payment during the life-time of the policy-holder or where the nominee or, if there are more nominees than one all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal heirs or legal representatives or the holders of a succession certificate, as the case may be.

(6) Where the nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy survivor shall be payable to such survivor or survivors.

Commission and Rebates and Licensing of Agents.

39. *Prohibition of payment by way of commission or otherwise for procuring business.*—(1) No person shall, after the expiry of six months from the commencement of this Regulation, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business in the State to any person except an insurance agent licensed under section 40 or a person acting on behalf of an insurer who for the purposes of insurance business employs licensed insurance agents.

(2) No insurance agent licensed under section 41 shall be paid or contract to be paid by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, forty per cent. of the first year's premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or, in the case of business of any other class, fifteen per cent., of the premium:

Provided that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the first year's premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.

(3) Nothing in this section shall prevent the payment under any contract existing prior to the operation of this Regulation, of gratuities or renewal commission to an insurance agent or to his representatives after his decease in respect of insuarnce business effected through him before the said date.

40. *Prohibition of rebates.*—(1) No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to effect or renew an insurance in respect of any kind of risk relating to lives or property in the State any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(2) Any persons making default in complying with the provisions of this section shall be punishable with fine which may extend to one hundred rupees unless the default is made by a person effecting or renewing a policy, in which case he shall be punishable with fine which may extend to fifty rupees only.

41. *Licensing of insurance agents.*—(1) The Superintendent of Insurance or an officer authorised by him in this behalf shall in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making

an application under this section and not suffering from any of the disqualifications hereinafter mentioned a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business.

(2) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer.

(3) A licence issued under this section shall expire on the first day of Baisakh in each year, but shall, if the applicant does not suffer from any of the disqualifications hereinafter mentioned, be renewed from year to year on payment of a fee of one rupee.

(4) The disqualifications above referred to shall be the following :—

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a Court of competent jurisdiction ;

(*c*) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured.

(5) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which be may be liable, the Superintendent of Insurance shall, and if the agent has knowingly contravened any provision of this Regulation may, cancel the licence issued to the agent under this section.

42. *Register of insurance agents.*—(1) Every insurer and every person who acting on behalf of an insurer employs licensed insurance agents shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date, if any, on which his appointment ceased

(2) Any individual not holding a licence issued under section 41 who acts as an insurance agent shall be punishable with fine which may extend to fifty rupees, and any insurer who, or any person acting on behalf of an insurer who, appoints as an insurance agent any individual not so licensed, or transacts any insurance business in the State through any such individual, shall be punishable with fine which may extend to one hundred rupees.

(3) The provisions of sub-section (2) shall not take effect until the expiry of six months from the commencement of this Regulation.

43. *Prohibition of cessation of payments of commission.*—Notwithstanding anything to the contrary in a contract between any person and an insurance agent licensed under section 41 forfeiting or stopping payment of renewal commission to such insurance agent, no such person shall in respect of life insurance business done in the State refuse payment to an insurance agent of commission on renewal premiums due to him under the agreement by reason only of the termination of his agreement except for fraud:

Provided that such agent has served such person continually and exclusively for at least ten years, and provided further that, after his ceasing to act as agent, he does not directly or indirectly solicit or procure insurance business for any other person.

Special Provisions of Law.

44. *Policy not to be called in question on ground of misstatement after two years.*—No policy of life insurance effected before the commencement of this Regulation shall after the expiry of two years from the date of commencement of this Regulation and no policy of life insurance effected after the coming into force of this Regulation, shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false

45. *Application of State Law to policies issued in the State.*—The holder of a policy of insurance issued by an insurer in respect of insurance business transacted in the State after the commencement of this Regulation shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto to receive payment in the State of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in the State ; and if the suit is brought in the State any question of law arising in connection with any such policy shall be determined according to the law in force in the State.

46. *Payment of money into Court.*—(1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain

a satisfactory discharge for the payment of such amount, the insurer shall before the expiry of nine months from the date of the maturing of the policy apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(2) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(3) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal officer of the insurer setting forth the following particulars, namely :—

(*a*) the name of the insured person and his address ;

(*b*) if the insured person is deceased, the date and place of his death ;

(*c*) the nature of the policy and the amount secured by it ;

(*d*) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received ;

(*e*) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount ; and

(*f*) the address at which the insurer may be served with notice of any proceeding lelating to disposal of the amount paid into Court.

(4) An application under this section shall not be entertained by the Court if the application is made before the expiry of six months from the death of the insured, or the maturing of the policy by survival.

(5) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer it shall allow the amount to be paid into Court and shall invest the amount in approved securities pending its disposal.

(6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3), and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.

(7) The Court shall cause notice to be given to every ascertained claimant of the fact that the amount has been paid into Court and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(8) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.

47. *Directors of insurers being companies.*—(1) Where the insurer is a company incorporated under the Companies Regulation and carries on the business of life insurance, not less than one-fourth of the whole number of the directors of the company shall be persons having the prescribed qualifications and holding policies of life insurance issued by the company, and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of life insurance issued by the company.

(2) This section shall not take effect until the expiry of one year from the commencement of this Regulation.

48. *Restriction on dividends and bonuses.*—No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, who carries on the business of life insurance shall in respect of such life insurance business declare or pay any dividend to shareholders or any bonus to policy-holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.

49. *Notice of options available to the assured on the lapsing of a policy.*—An insurer shall, within three months of the lapsing of a policy of life insurance, give notice to the policy-holder informing him of the options available to him.

50. *Supply of copies of proposals and medical reports.*—Every insurer shall on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the questions put to him and his answers thereto contained in his proposal for insurance and in the medical report supplied in connection therewith.

51. *Prohibition of business on dividing principal.*—No insurer shall after the commencement of this Regulation begin or after three years from that date continue to carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution of certain sums amongst policies becoming claims within certain time-limits or on the principle that the premiums payable by a policy-holder depend wholly or partly on the number of policies becoming claims within certain time-limits :

Provided that nothing in this section shall be deemed to prevent an insurer from allocating bonuses to holder of policies of life insurance as a result of a periodical acturial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise :

Provided further that an insurer who continues to carry on

insurance business on the dividing principle after the commencement of this Regulation shall withhold from distribution a sum of not less than forty per cent. of the premiums received during each year after the commencement of this Regulation in which such business is continued so as to make up the amount required for investment under section 26.

WINDING UP.

52. *Winding up by the Court.*—(1) The Court may order the winding up in accordance with the Companies Regulation of any insurance company and the provisions of that Regulation shall subject to the provisions of this Chapter, apply accordingly.

2. In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(*a*) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees ; or

(*b*) if the Superintendent of Insurance, who is hereby authorised to do so, applied in this behalf to the Court on any of the following grounds, namely:—

(*i*) that the company has failed to deposit or to keep deposited with the Government the amounts required by section 7;

(*ii*) that the company having failed to comply with any requirement of this Regulation has continued such failure for a period of three months after notice of such failure has been conveyed to the company by the Superintendent of Insurance;

(*iii*) that it appears from the returns furnished under the provisions of this Regulation or from the results of any investgation made thereunder that the company is insolvent, or

(*iv*) that the continuance of the company is prejudicial to the interests of the policy-holders.

53. *Voluntary winding up.*—Notwithstanding anything contained in the Companies Regulation, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the

ground that by reason of its liabilities it cannot continue its business.

54. *Valuation of Liabilities.*—(1) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the sixth Schedule and to any directions which may be given by the Court.

(2) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rule aforesaid.

(3) The rule in the sixth Schedule shall be of same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the Companies Regulation and rules may be made under that section for the purpose of carrying into effect the povisions of this Regulation with respect to the winding up of insurance companies.

55. *Application of surplus assets of life insurance found in liquidation or insolvency.*—(1) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(2) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to share-holders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of

the insurer shall be deemed to exceed his liabilities only in so far as those assets exceed those liabilities after such addition.

Provided that—

(*a*) if in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct, and

(*b*) for the purpose of the application of this sub-section to any case where before the commencement of the winding up or insolvency a proportion of such profits as aforesaid of a branch only of the life insurance business in question has been allocated to policy-holders, the value of the assets and liabilities of the insurer in respect of that branch shall be separately ascertained in like manner as the value of his assets and liabilities in respect of the life insurance business was ascertained, and the surplus so found, if any, of assets over liabilities shall, for the purpose of determining the amount to be added to the liabilities of the insurer in respect of the life insurance business be deemed to be the *prima facie* surplus.

56. *Winding up of secondary companies.* - (1) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then, if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may by the same or any subsequent order appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of the winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it things most expedient upon the principles laid down in this section.

57. *Schemes for partial winding up of insurance companies.*—(1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Regulation.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for

altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(3) The provisions of this Regulation relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the Companies Regulation relating to the winding up of companies.

(4) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall as respects the alteration have effect as if it were an order confirmed under section 12 of the Companies Regulation and the provisions of sections 15 and 16 of that Regulation shall apply accordingly.

58. *Return of Deposit* —In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee, as the case may be shall apply to the Court for an order for the return of the Deposit made by the company under section 7 and the Court shall, on such application order a return of the Deposit subject to such terms and conditions as it shall direct.

59. *Notice of Policy Value.*—In the winding up of an insurance company for the purposes of a cash distribution of the assets and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company or other insurer to be entitled to or interested in the policies granted by the company or other insurer shall ascertain the value of the liability of the company or other insurer to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

60. *Power of Court to reduce contracts of insurance.*—(1) Where an insurance company is in liquidation or any other insurer is insolvent the Court may make an order reducing the amount of the insurance contracts of the company or other

insurer upon such terms and subject to such conditions as the Court thinks just

(2) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit in place of making a winding or ler reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(3) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, or by the Superintendent of Insurance and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

61. *Particulars to be filed by insurers established outside the State.*—Every insurer, having his principal place of business or domicile outside the State, who establishes a place of business within the State or appoints a representative in the State with the object of obtaining insurance business, shall within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(*a*) a certified copy of the charter, statutes, deed or settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and if the instrument is not written in the English language, a certified translation thereof;

(*b*) a list of the directors, if the insurer is a company;

(*c*) the name and address of some one or more persons resident in the State authorised to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him;

(*d*) the full address of the principal office of the insurer in the State.

62. *Books to be kept by insurers established outside the State.*—Every insurer having his principal place of business or domicile outside the State shall keep at his principal office in the State such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Regulation to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in the State to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

MISCELLANEOUS.

63. *Penalty for default in complying with or act in contravention of this Regulation.*—Except as otherwise provided in this Regulation, any insurer who makes default in complying with or acts in contravention of any requirement of this Regulation, and where the insurer is a company, any director, managing agent, manager or other officer of the company or where the insurer is a firm, any partner of the firm who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

64. *Penalty for transacting insurance business in contravention of section 3, 6 and 7.*—(1) Any insurer or any person acting on behalf of an insurer, who transacts any class of insurance business in contravention of any of the provisions of section 3, section 6, section 7, or does any one or more of the acts constituting the business of insurance in relation to any such class of insurance business shall be punishable with fine which may extend to two thousand rupees.

(2) Any person knowingly taking out a policy of insurance with any insurer or person guilty of an offence under sub-section (1) shall be punishable with fine which may extend to five hundred rupees

66. *Penalty for false statement of document.*—Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Regulation, wilfully makes a statement false in any material particular, knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

66. *Wrongfully obtaining or withholding property.*—Any director, managing agent, manager or other officer or employee of an insurer who wrongfully obtains possession of any property of the insurer or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or authorised by this Regulation shall, on the complaint of the insurer or any member or any policy-holder thereof be punishable with fine which may extend to one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully with-

held or wilfully misapplied and in default to suffer imprisonment for a period not exceeding two years.

67. *Wrongfully diminishing life insurance fund.*—If on the application of an insurer or any member of an insurance company or any policy-holder or the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Regulation the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer unless he proved that the contravention occurred without his consent or connivance and was not facilitated by any neglect or omission on his part; and the Court shall have all the powers which a Court has under sections 235 and 237 of the Companies Regulation and shall also have the power to assess the sum by which the amount of the life insurance fund has been diminished by reasons of the misfeasance and to order any person guilty thereof to contribute to that fund the whole or any part of that sum by way of compensation.

68. *Previous sanction of Government for institution of proceedings.*—Except where proceedings are instituted by the Superintendent of Insurance, no proceedings under this Regulation against an insurer or any director, manager or other officer of an insurer or any person who is liable under sub-section (2) of section 40 shall be instituted by any person unless he has previous thereto obtained the sanction of the Government in this behalf.

69. *Power of Court to grant relief.*—If in any proceedings, civil or criminal it appears to the Court hearing the case that a person is or may be liable in respect of negligence, default, breach of duty or breach of trust but that he has acted honestly and reasonably and that having regard to all the circumstances of the case he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him either wholly or partly from his liability on such terms as it may think fit.

70. *Cognizance of offence.*—No Court inferior to that of a magistrate of the first class shall try any offence under this Regulation.

71. *Appeals.*—(1) An appeal shall lie to the Court having jurisdiction from any of the following orders, namely:—

(*a*) an order under section 3 refusing to register, or cancelling the registration of, an insurer;

(*b*) an order under section 5 directing the insurer to change his name;

(*c*) an order under section 41 cancelling the licence issued to an agent;

(*d*) an order made in the course of the winding up or insolvency of an insurer.

(2) The Court having jurisdiction for the purpose of sub-section (1) shall be the principal Court of civil jurisdiction within whose local limit the principal place of business of the insurer concerned is situate.

(3) An appeal shall lie from any order made under sub-section (1) to the authority authorised to hear appeals from the decisions of the Court making the same and the decision on such appeal shall be final.

72. *Service of notice.*—(1) Any process or notice required to be served on an insurer shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorised to accept notices on behalf of the insurer and left at or sent by registered post to, the address of such person as registered with the Superintendent of Insurance.

(2) Any notice or other document which is by this Regulation required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy :

Provided that, where any person claiming to be interested in a policy as transferee, assignee or nominee has given to an insurer notice in writing of his interest, any notice which is by this Regulation required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

73. *Declaration of interim bonuses.*—Notwithstanding anything to the contrary contained in this Regulation an insurer carrying on the business of life insurance shall be at liberty to declare an interim bonus or bonuses to policy-holders whose policies mature for payment by reason of death or otherwise during the inter-valuation period on the recommendation of the investigating actuary made at the last proceeding valuation.

74. *Acquisition of surrender values by policy.*—(1) Where a definite number of premiums is payable a policy of life insurance on which all premiums have been paid for three consecutive years shall acquire a guaranteed surrender value and notwithstanding any contract to the contrary shall not lapse by reason of non-payment of further premium but shall notwithstanding such non-payment be kept alive to the extent of its paid up value.

Explanation.—For the purposes of this sub-section the paid up value of a policy shall be an amount bearing to the total sum assured by the policy the same proportion as the total of the

premiums already paid on the policy bears to the total of the premiums payable under the policy.

(2) A policy kept alive to the extent of its paid up value under sub-section (1) shall not participate in any profits of the insurer earned after the conversion of the policy into a paid up policy.

(3) This section shall not apply to:—

(*a*) policies in respect of which the sum assured is payable only on the happening of a contingency which may not arise, or

(*b*) where the paid up value will be less than one hundred rupees, or

(*c*) where the parties after the default has occurred in the payment of the premium agree in writing to some other arrangement, or

(*d*) to policies in which the surrender value is automatically applied under the terms of the contract to maintaining the policy in force after its lapse through non-payment of premium.

75. *Power of Government to make rules.*—(1) The Government may, subject to the condition of previous publication by notification in the Government Gazette, make rules to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the qualifications to be possessed by actuaries;

(*b*) the manner in which it shall be determind for the purposes of this Regulation what is insurance business transacted in the State;

(*c*) the procedure to be followed in dealing with deposits made in pursuance of this Regulation including the receipt or, custody of, withdrawal of, and payment of interest on such deposits, and their inspection and verification by the Superintendent of Insurance;

(*d*) the manner in which the prospectuses and tables referred to in sub-section (1) of section 40 shall be published and the form in which they shall be drawn up;

(*e*) the matters to be prescribed for the purposes of section 47;

(*f*) the manner in which the investment of assets of an insurer shall take place;

(*g*) restrictions on loans;

(*h*) the manner in which statements of assets shall be furnished.

76. *Alteration of forms.*—The Government may, on the application or with the consent of an insurer, not being a company,

alter the forms contained in the Schedule as respects that insurer, for the purpose of adapting them to the circumstances of that insurer:

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Regulation so far as it is possible for the insurer to do so.

77. *Power to exempt from certain requirements*:—The Government may, by notification in the Government Gazette, exempt any insurer constituted, incorporated or domiciled in India from the provisions of section 6 relating to deposits or from furnishing statements and documents prescribed by any section or from the provisions of any other section relating to the keeping of assets in the State under section 26 either absolutely or subject to such conditions or modifications as may be specified in the notification.

78. *Saving of provisions of Companies Regulation*.—Nothing in the Regulation shall affect the liability of an insurer being a company to comply with the provisions of the Companies Regulation, in matters otherwise specifically provided for by this Regulation.

79. *Exemption*.—Nothing in this Regulation shall apply to:—

(*a*) any recognised fund in existence maintained by or on behalf of Government servants or Government pensioners for the mutual benefit of contributors to the fund and of their dependents or

(*b*) any society registered under the Jammu and Kashmir Co-operative Societies Regulation No. 6 of 1993.

80. *Policy forms to be deposited with the Superintendent of Insurance*.—Every insurer registered under this Regulation shall deposit and keep deposited with the Superintendent of Insurance copies of all standard forms of policy contracts issued by him in the State.

81. *Amendment of section 130, Transfer af Property Regulation*.—To the Exception to section 130 of the Transfer of Property Regulation, the following words and figures shall be added, namely:—

"or affects, the provisions of section 37 of the Insurance Regulation".

THE FIRST SCHEDULE.

(See section 11.)

Instructions and Forms for the preparation of Balance-Sheet.

PART I.

INSTRUCTIONS.

1. The balance-sheet required to be prepared in respect of every class of business carried on by an insurer is, in the form in which it is set out in Part II of this Schedule (Form A), appropriate to a case where the insurer maintains a separate fund in respect of life insurance business.

2. The balance-sheet of life insurance business shall be prepared as a separate document. The balance-sheet of any class of business may be prepared as a separate document instead of being incorporated by the addition of columns and headings in the general balance-sheet, but the totals of each such separate balance-sheet (showing the total assets of the class of business the balance at the credit of the life insurance fund or other separate fund or account, the amount of share-holders' undivided profits, and outstanding liabilities) must in any case be incorporated in the general balance-sheet.

3. If any combined balance-sheet is for any purpose issued by an insurer, it shall be in accordance with the Form set out in this Shedule, and there shall not be included among the assets shown in any such combined balance-sheet any amount in respect of any holding in or advance to any insurer whose assets and liabilities have been incorporated therein. Every combined balance-sheet must show clearly on the face thereof that it is a combined balance-sheet and must set out fully the name of every insurer whose assets and liabilities have been incorporated therein; if the assets and liabilities of any person not being an insurer are included in a combined balance-sheet the fact must be stated thereon.

4. Where any guarantee has been given by an insurer (otherwise than in the ordinary course of re-insurance business) in respect of the policies of any other insurer, the balance-sheet of the insurer by whom the guarantee was given must show clearly the name of every insurer whose policies have been so guaranteed and the extent of the guarantee:

Provided that this Regulation shall not apply where a combined balance-sheet is issued incorporating the assets and liabilities of the insurer whose policies are guaranteed.

5. Where any part of the assets of an insurer is deposited in any place outside the State as security for the owners of policies issued in that place, the balance-sheet shall state that part of the assets has been so deposited, and, in any such part forms part of the life insurance fund, shall show the amount thereof and the place where it is deposited. Where any combined balance-sheet is issued by an insurer for any purpose, the information required by this Regulation shall be shown in the aggregate in respect of all the insurers whose assets and liabilities have been incorporated in the balance-sheet.

6. There shall be appended to the balance-sheet a statement in Form AA as set out in Part II of this Schedule showing the market value and the book value of the assets in the State.

7. Every balance-sheet shall contain the folowing certificates, namely :—

(*a*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet explaining how the values as shown in the balance-sheet of the Investments in Stocks and Shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown ;

(*b*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and signed also, so far as respects the value of any items shown in the balance-sheet under the heading of "Reservations and Life Interests" by an actuary, certifying that the values of all the assets have been reviewed as at the date of the balance-sheet, and that in their belief the assets set fourth in the balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings "Loans", "Reservations and Life Interests", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other Persons or Bodies carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

Provided that if the persons signing the certificate are unable to certify that the assets set fourth in the balance-sheet are so shown as aforesaid, a full explanation of the basis upon which the values

shown in the balance-sheet have been assessed shall be given in the certificate;

(*c*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and by the auditor certifying that no parts of the assets of the life insurance fund has been directly or indirectly applied in contravention of the provisions of this Insurance Regulation relating to the application and investment of life insurance funds; and

(*d*) certificates signed by the auditor (which shall be in addition to any other certificate or report which he is required by law to give with respect to the balance-sheet) certifying—

(*i*) that he has verified the cash balances and the securities relating to the insurer's loan, reversions and life interests, and investments;

(*ii*) to what extent, if any, he has verified the investments and transactions relating to trusts undertaken by the insurer as trustee ; and

(*iii*) in the case of a combined balance-sheet, that he has audited the balance-sheet and accounts of every insurer whose assets and liabilities are incorporated therein, or that any such balance-sheet and accounts which have not been audited by him have been certified by independent auditors. The said certificate shall contain a reference to such reservations, if any, as may have been made by any auditor upon any report or certificate given by him with respect to the balance-sheet and accounts of any insurer whose assets and liabilities are incorporated in the combined balance-sheet.

8. If the values shown in the balance-sheet in respect of "Holdings in Subsidiary Companies" or "House property (*i*) in the State (*ii*) out of the State have been increased since the last previous balance-sheet, the certificate required by paragraph (*b*) of the last foregoing regulation shall state the amount of every increase not solely due to the cost of subsequent additions or, as respects holdings in controlled companies, to increased profits, and shall contain an explanation of the reason therefor.

9. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "combined balance-sheet" includes any combined statement made by an insurer of assets and liabilities

in the form of a balance-sheet which includes the assets and liabilities of any other insurer ; and

(*b*) "market value" means as respects any asset the market value thereof as ascertained from published market quotations, or, if there be no such value, its fair value as between a willing buyer and a willing seller.

PART II.

FORMS.

Form A.

Form of Balance-Sheet.

Balance-Sheet of 19 .

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Shareholders Capital (each class to be stated separately)				*Loans* :			
Authorised :				On Mortgages of property within the State.			
.....Shares of Rs.....each Rs.				On Mortgages of property outside the State			
Subscribed :				On Security of Municipal and other public rates			
..... Shares of Rs.....each Rs.				On stocks and shares			
				On insurer's policies within their surrender value			
				On personal security .. .			

Called up :

.....Shares of Rs.....each Rs.

Less Unpaid calls Rs.

Reserve or Contingency Accounts (a) :

Investment Reserve Account ..

Profit and Loss Appropriation Account Balance .. .. ..

Balance of Funds and Accounts ;

Life Insurance Fund .. ..

Fire Insurance Business Account ..

Accident and Miscellaneous Insurance Business Account .. ..

Other Accounts, if any (to be specified)(*l*)

Pension or Superannuation Accounts (*b*)

Debenture Stock per cent. .. ..

Loans and Advances (*c*) .. ..

Bills Payable (*c*) .. .. ..

Estimated Liability in respect of outstanding claims, whether due or intimated (*d*) .. .. ..

Annuities due and unpaid (*d*) ...

Outstanding dividends .. ..

To Subsidiary Companies (other than Reversionary) (*f*) .. ..

Reversions and Life Interests :

Reversions and Life Interests purchased ..

Loans on Reversions and Life Interests ..

Debentures and Debenture Stocks of Subsidiary Reversionary Companies (*f*)..

Ordinary stocks and shares of Subsidiary Reversionary Companies (*f*) ..

Loans to Subsidiary Reversionary Companies (*f*) .. .. ..

Investments :

Deposit .. .. ..

Bonds, Debentures, Stocks and other Securities whereon interest is guaranteed by the Indian Government or a provincial Government .. .. ..

Approved securities .. ..

Debentures of any Railway in the State ..

Debentures of any Railway out of the State.

Holdings in Subsidiary Companies (*f*) ..

House property (*i*) in the State (*ii*) out of the State .. .. ..

Freehold and Leasehold ground rents and rent charges .. .. ..

(a) Assets and Liabilities, Shareholders' Capital and Revenues, not allocated to any class of business specified in column (1) must be shown in column (2).

Form A.—(*concluded*).

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Amounts due to other Persons or Bodies carrying on Insurance Business (*c*) ..				Agent's Balances			
Sundry Creditors (including outstanding and accruing expenses and taxes) (*c*).				Outstanding Premiums (*g*)			
Other sums owing by the insurer (particulars to be given) (*c*)				Interest, Dividends and rents outstanding (*d*)			
Contingent Liabilities (to be specified) (*e*).				Interest, Dividends and rents accruing but not due (*d*)			
Rs ————				Amounts due from other Persons or Bodies carrying on Insurance Business (*h*)			
				Sundry Debtors (*i*)			
				Bills receivable			
				Cash :			
				At Bankers on Deposit Account ..			
				At Bankers on Current Account and in hand			
				At call and Short notice (*j*)			
				Other accounts (to be specified) (*k*) ..			

*Assets and Liabilities, Shareholders' Capital and Reserves, not allocated to any class of business specified in column (1) must be shown in column (2).

Notes.—(*a*) The Reserves or Contingency Accounts must be separately stated.

(*b*) If the insurer has not full and unrestricted control of the assets constituting the Pension or Superannuation Accounts either those Accounts and the assets and liabilities relating thereto must be omitted from the balance-sheet or the assets of which the insurer has not such control must be clearly indicated on the face of the balance-sheet.

(*c*) If the insurer has deposited security as cover in respect of any of these items, the amount and nature of the securities so deposited must be clearly indicated on the face of the balance-sheet.

(*d*) These items are or have been included in the corresponding items in the Revenue or Profit and Loss Account. Outstanding and accruing interest, dividends and rents must be shown after deduction of income-tax must be provided for amongst the liabilities on the other side of the balance-sheet.

(*e*) Such items as amount of liability in respect of bills, discounted uncalled capital of subsidiary companies, uncalled capital of other investments, etc., must either be shown in their several categories under the heading "Contingent Liabilities" or the appropriate items on the assets side must be set out in such detail as will clearly indicate the amount of the uncalled capital.

(*f*) As respects life and annuity business full particulars of holdings in and loans to subsidiary companies must be stated, giving the name of each company, the number and description of each class of shares held, the amounts paid up thereon, and the value at which the holdings in each company stand in the balance-sheet.

(*g*) Either this item must be shown net or the commission must be provided for amongst the liabilities on the other side of the balance-sheet.

(*h*) The aggregate amount owing by a subsidiary company or subsidiary companies is to be shown separately from all other assets and the aggregate amount owing to a subsidiary company or subsidiary companies is to be shown separately from all other liabilities.

(*i*) Amounts due from directors and officers must be shown separately.

(*j*) No amounts must be entered under this heading unless fully secured. If not fully secured, the amounts must be included under the heading "Sundry Debtors".

(*k*) Under this heading must be included such items as the following, which must be shown under separate headings suitably described: office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future year's balance being Loss on Profit and Loss Appropriation Accounts, etc. The amounts included in the balance-sheet must not be in excess of cost.

(*l*) Under the head "Other accounts, if any (to be specified)" on the left hand side, fines realized from the staff and their contribution towards the provident fund, if any, should be shown under separate sub-heads.

FORM AA.

Classified Summary of the Assets of the.....Company on 19 .

Class of Asset.	Book value as per (*a*) below.	Market value as per (*b*) below.	Remarks as per (*c*) below.
	Rs.	Rs.	Rs.
(1) Approved Securities			
(2) Debentures			
(3) Shares and annuities			
(4) Loans on the Company's policies			
(5) Loans on Mortgage of property in India			
(6) Loans on personal security to persons domiciled and resident in the State			
(7) Other loans granted in the State			
(8) Land and House property in the State			
(9) Cash on deposit in Banks and treasury			
(10) Cash in hand and on current account in Banks.			
(11) Agent's balance and outstanding premiums			
(12) Interest, dividends and rents either outstanding or accrued but not due			
(13) Other assets in the State or outside			

The Statement shall show—

(*a*) the value for which credit is taken in the balance-sheet for each of the above mentioned classes of assets,

(*b*) the market value of such of the above-mentioned classes of assets as has been ascertained from published quotations after deduction of accrued interest included in market prices in those cases where accrued interest is included elsewhere in the balance-sheet,

(*c*) how the value of such of the above-mentioned classes of assets as has not been ascertained from published quotations has been arrived at, and

(*d*) the rates of exchange at which the values of the assets other than in rupee currency have been converted into rupees.

The market values need not be shown separately where they are not less than the book values and a certificate to that effect is appended to the statement.

No amounts on account of any of the following items may be entered in the statements—

Goodwill.

Preliminary, formation, organisation or development expenses.

Commission or discount on shares or debentures issued.

Commuted Commission.

Expenditure carried forward to be written off in future years.

THE SECOND SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Profit and Loss Accounts.

PART I.

INSTRUCTIONS.

1. The items on the income side of the Profit and Loss Appropriation Account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

2. Deductions from Interest, Dividends and Rents to be shown in respect of income-tax must include all amounts in respect of British Indian income-tax whether or not it has been or is to be deducted at source or paid direct.

3. The Interest, Dividends and Rents less income-tax thereon shown in the Revenue Accounts for any classes of business other than life insurance business, including annuity business may, if the insurer so desires, be included with the corresponding items in the Profit and Loss Account.

PART II.

FORMS.

FORM B.

Form of Profit and Loss Account.

Profit and Loss Account of for the year ended 19 .

	Rs. a. p.		Rs. a. p.
Taxes on the Insurer's Profits (not applicable to any particular Fund or Account) ...		Interest, Dividends and Rents (not applicable to any particular Fund or Account) Rs. Less-Income-tax thereon Rs.	

FORM B.—(*concluded*).

	Rs. a. p.		Rs. a. p.
Expenses of Management (not applicable to any particular Fund or Account)*...		Profit on realisation of investments (not credited to reserves or any particular Fund or Account) ...	
Loss on Realisation of Investments (not charged to reserves or any particular Fund or Account) ...		Appreciation of investments (not credited to reserves or any particular Fund or Account) ...	
Depreciation of investments (not charged to reserves or any particular Fund or Account) ...		Profit transferred from Revenue Accounts (details to be given).	
Loss transferred from Revenue Accounts (details to be given).		Transfer Fees ...	
Other Expenditure (to be specified) ...		Other income to be specified) ...	
Balance for the year carried to Appropriation Account ...		Balance being loss for the year carried to Appropriation Account) ...	

* If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount must be shown separately.

FORM C.

Form of Profit and Loss Appropriation Account.

Profit and Loss Appropriation Account of for the year ended 19 .

Rs. a. p.		Rs. a. a.
Balance being loss brought forward from last year ...	Balance brought forward from last year Rs.	
Balance being loss for the year brought from Profit and Loss Account (as in Form B) ...	Less—Dividends since paid in respect of last year (to be specified and if "free of tax" to be so stated)* Rs.	
Dividends paid during the year on account of the current year (to be specified and if "free of tax" to be so stated)	Balance for the year brought from Profit and Loss Account (as in Form B) ...	
Transfers to any particular Funds or Accounts (details to be given) ...	Balance being loss at the end of the year as shown in the balance-sheet ...	
Balance at end of the year as shown in the balance-sheet ...		

*NOTE.—This item may be shown on the other side of the account if preferred.

THE THIRD SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Revenue Accounts.

PART I.

INSTRUCTIONS.

1 Form D is, as set out in Part II of this Schedule appropriate for life insurance business but a separate revenue account must be prepared for every class of business in respect of which the insurer is required to maintain a separate account.

2. Form F is, as set out in Part II of this Schedule appropriate for fire insurance business. A separate revenue account in the same form must be prepared for accident and miscellaneous insurance including workmen's compensation and motor car insurance.

3. If any combined revenue account is for any purpose issued by an insurer it must be in accordance with the forms specified in this Schedule and must clearly show on the face thereof that it is a combined revenue account and must set out fully the name of every insurer required to make separate returns under this Regulation whose revenue and expenditure have been included therein, if the revenue and expenditure of any person not being an insurer are included in a combined revenue accounts, the fact must be stated thereon.

4. The items on the income side of the revenue account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

5. Re-insurance premiums, whether on business ceded or accepted, are to be brought into account gross (*i. e.*, before deducting commissions) under the head of premiums.

6. As respects life insurance business the following statements shall be furnished to the Superintendent of Insurance every year showing details provided for in a form pertaining thereto :—

(*a*) A statement in form DD as set forth in Part II of this Schedule.

(*b*) A statement in form DDD as set forth in Part II of this Schedule.

(*c*) A statement in form DDDD as set forth in Part II of this Schedule.

7. The following information shall be supplied in addition to the revenue account, namely, the gross premium written in India for life, fire, and accident and miscellaneous insurance business.

8. Any office premises which form part of the assets of a life insurance fund must be treated as an interest earning investment, and accordingly, in the revenue account for life insurance business a fair rent for the premises must be included under the heading "Interest, Dividends and Rents" and in the revenue account for every class of business for which the premises are used proper charges for the use thereof must be included under the heading "Expenses of Management".

9. Where an insurer carries on the business of life insurance in conjunction with any other class of insurance business the expenses of management charged to the life insurance revenue account must not include more than a reasonable proportion of the common expenses and in particular, no such account must be charged with more than a fair sum for the use of any office premises having regard to the income from the various classes of business carried on and to the extent to which the premises are used for the purposes of each class of business.

10. Deductions from Interest, Dividends and Rents in respect of income-tax must include all income-tax charged on such income whether or not it has been or is to be deducted at source or paid direct.

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PART II.

FORMS.

FORM D.

Form of Revenue Account applicable to Life Insurance Business.

Revenue Account of for the year ended 19 .
in respect of Business.

	Business within the State.	Business out of the State.	Total.		Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Claims under policies (including provision for claims due or intimated) less Re-insurance --				Balance of Fund at the beginning of the year..			
By death ..				Premiums, Less Re-insurances—			
By maturity --				(i) First year premiums.			
Annuities, less Re-insurances ..				(ii) Renewal premiums.			
Surrenders (including Surrenders of Bonus), less Re-insurances --				(iii) Single premiums ..			
Bonuses in cash, less Re-insurances --				Consideration for annuities granted, less Re-insurances (c) ..			
Bonuses in Reduction of premiums, less Re-insurances ..				Interest, Dividends and Rents Rs.			
Commission (less that on Re-insurances) --				Less-income-tax thereon Rs.			
Expenses of Management (b)— ..				Registration Fees ..			
1. Commission and allowances --				Other income (to be specified) --			
2. Salaries, etc. (other than to agents and those contained in item No. 1) ..				Loss transferred to Profit and Loss Account --			
3. Travelling expenses.				Transferred from Appropriation Account --			
4. Directors' fees ..							
5. Auditors' fees --							
6. Law charges --							

FORM D.—(*concluded*).

	Business within the State.	Business out of the State.	Total.	Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7. Advertisements ..						
8. Printing and Stationery ..						
9. Other expenses of management (accounts to be specified) ..						
10. Other payments (accounts to be specified) ..						
11. Rents for offices belonging to and occupied by the insurer ..						
12. Rents of other offices occupied by the insurer ..						
Bad debts ..						
Other expenditure (to be specified) ..						
Profit transferred to Prefit and Loss Account ..						
Balance of Fund at the end of the year as shown in the balance-sheet ..						

NOTES.—(*a*) In the case of an insurer having his Head Office in the State these columns apply only to business the premiums in respect of which are payable outside India

(*b*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately. Under this item the salary paid to the managing agent or managing director shall be shown separately from the total amount paid as salaries to the remaining staff.

(*c*) All single premiums for annuities, whether immediate or deferred, must be included under this heading.

(*d*) Under the head "Other Income" fines, if any, realised from the staff must be shown separately. All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the revenue account except such sums as properly appertain to the capital account

(*e*) In the case of an insurer having his principal place of business outside the State, the expenses of management for business out of the State and total business need not be split up to the several sub-heads, if they are not so split up in his own country.

FORM DD.

Classified statement of life insurance policies of the———Company, for the year ending———19 .

	New life insurance business in respect of which a premium has been paid in the year.				*Total life insurance business in force at the end of the year.*		
	Number of policies.	Sums insured and annuities per annum.	Single premiums (including consideration for immediate annuities and all other premiums paid at the outset where no subsequent premium is payable.	Yearly renewal premium income.	Number of policies.	Sums insured with bonuses and annuities per annum.	Premium income for which credit has been taken in the revenue account.
		Rs.	Rs	Rs.		Rs.	Rs.
Ordinary Policies.							
In the State ..							
Out of the State ..							
Total ...							
Annuity contracts, etc.							
In the State ..							
Out of the State ..							
Total ..							
Group Insurance Policies.							
In the State ..							
Out of the State ...							
Total ..							

The amount should be stated to the nearest rupees and after deduction of re-insurances.

FORM DDD.

Additions to and deductions from policies of the Company for the year ending 19 .

	Ordinary life insurance policies insuring money to be paid on death or survivance.			*Annuities.*	
	No.	**Sum assured.**	**Reversionary bonus additions.**	**No.**	**Annuity per annum.**
		Rs.	**Rs.**		**Rs.**
(1) Policies at beginning of year					
(2) New policies insured					
(3) Old policies revived					
(4) Old policies changed and increased					
(5) Bonus additions allotted					
Total					
Discontinued during year.					
(6) By death					
(7) By survivance or the happening of the contingencies incured against other than death.					
(8) By expiry of term under temporary insurances					
(9) By surrender of policy					
(10) By surrender of bonus					
(11) By forfeiture or lapse					
(12) By change and decrease					
(13) By being not taken up					
Total discontinued					
Total existing at end of year					

FORM E.

Form of Revenue Account applicable to Fire Insurance Business and to Accident and Miscellaneous Insurance Business including Workmen's Compensation and Motor Car Insurance Business.

Revenue Account of 19 , in respect of Business. for the year ended

	Rs.		Rs.
Claims under Policies, less Re-insurances (*a*) (*d*):		Balance of Account at beginning of the year:	
Paid during the year Rs.		Reserve for unexpired Risks Rs.	
Total estimated liability in respect of outstanding claims at end of the year whether due or intimated Rs.		Additional Reserve (if any) Rs.	
Total ..		Premiums, less Re-insurances (*d*) ..	
Loss-outstanding at end of previous year (*b*) Rs.		Interest, Dividends and Rents Rs.	
Commission		Less-income-tax thereon Rs.	
Expenses of management (*c*) ..			
Bad debts			
United Kingdom, Fereign and Dominion Taxes			
Other Expenditure to be specified ..			
Profit transferred to Profit and Loss Account			
Balance of the Account at the end of the year as shown in the Balance-sheet:			
Reserve for unexpired Risks, being per cent. of premium income of year Rs.			
Additional Reserve(if any)Rs.			
		Other Income (to be specified) (*e*) ..	
		Loss transferred to Profit and Loss Account	
		ransferred from Appropriation Account	

FORM DDDD.

Particulars of the policies forfeited or lapsed in the last financial year under review, less those revised and reinstated for full benefits, classified according to the year in which they were issued.

Financial year in which the policies were issued.	Number of policies forfeited or lapsed.	Sum insured under policies forfeited or lapsed.
Year ending 19 , being the year under review ...		
Year ending 19 , being the year previous to that under review ...		

And so on, the number of and sum insured under policies forfeited or lapsed in the last financial year under review being stated after classification according to each of the preceding years in which they were insured.

A separate statement must be given in respect of each class of life insurance business for which a separate revenue account is submitted.

Insurers having their principal place of business in the State shall give the information required in the form separately for business transacted in the State and business transacted outside and insurers having their principal place of business outside the State will furnish information regarding business transacted in the State.

(*b*) If in any year the claims actually paid and those still unpaid at the end of that year in respect of the previous year or years are in excess of the amount included in the previous year's Revenue Account as provision for outstanding claims, then the amount of such excess must be shown in the Revenue Account.

(*c*) If any sum has been deducted from this item and entered on the assets side balance-sheet the amount so deducted must be shown separately.

(*d*) Where the amount is furnished under the provisions of section 11 of the Insurance Regulation, separate figures for claims paid to claimants in the State and claimants outside the State and for premiums derived from business effected in the State and effected outside the State must be given.

(*e*) All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the Revenue account except such sums as properly appertain to the capital account.

THE FOURTH SCHEDULE.

(See Section 13)

Instructions for the preparation of Abstracts of Actuaries Reports and Requirements applicable to such Abstracts.

PART I.

INSTRUCTIONS.

1. Abstracts and Statements must be so arranged that the numbers and letter of the paragraphs correspond with those of the paragraphs of Part II of this Schedule.

2. In showing the proportion which that part of the annual premiums reserved as a provision for future, expenses and profits bears to the total of the annual premiums, in accordance with the requirements of paragraph 3 of Part II of this Schedule, no credit is to be taken for any adjustments made in order to secure that no policy is treated as an asset.

3. (1) The average rate of interest yielded in any year by the assets constituting a life insurance fund shall, for the purposes of paragraph 4 of Part II of this schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest credited to the life insurance fund during the year after deduction of income-tax charged thereon (any refund of income-tax in respect of expenses of management made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one-half of the amount of the life insurance fund at the beginning of the year to a sum equal to one-half of that fund at the end of the year, and deducting from the aggregate of those two sums an amount equal to one-half of the interest of the year.

(2) For the purposes of the calculation aforesaid either.—

(*a*) all profits and income arising during the year from sum invested in reversions shall be included in the interest credited to the life insurance fund during the year; or

(*b*) such portion of the life insurance fund as is invested in the purchase of reversions, and the profits and

income arising therefrom, shall be excluded from the calculation; but in that case a statement must be added to the information required under the said paragraph 4, showing in respect of the portion of the fund so excluded as aforesaid, the average rate of annual profit and income for which credit has been taken during the five years last preceding the valuation date, and explaining the manner in which the said average rate has been calculated.

(3) The information given in accordance with the requirements of the said paragraph 4 shall show clearly by which of the methods hereinbefore in this instruction mentioned the sums invested in reversions and the profits and income arising therefrom have been dealt with.

(4) Every abstract prepared in accordance with the requirements of Part II of this Schedule shall be signed by an actuary and shall contain a certificate by him to the effect that he has satisfied himself as to the accuracy of the valuations made for the purposes thereof and of the valuation data :

Provided that in the case of an abstract prepared on behalf of an insurance company, if the actuary who signs the abstract is not a permanent officer of the company, the certificate as to the accuracy of the valuation data shall be given and signed by the principal officer of the company and the actuary shall include in the abstract a statement signed by him showing what precautions he has taken to ensure the accuracy of the date.

5. For the purposes of this Schedule the following expressions have the meaning hereby respectively assigned to them, namely:—

"extra premium" means a charge for any risk not provided for in the minimum contract premium;

"inter-valuation period" means, as respects any valuation period; the period to the valuation date of that valuation from the valuation date of the last preceding valuation in connection with which an abstract was prepared under this Regulation or under the enactments repealed by this Regulation or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business;

"maturity date" means the fixed date on which any benefit will become payable either absolutely or contingently;

"net premiums" means as respects any valuation the premiums taken credit for in the valuation;

"premium term" means the period during which premiums are payable ;

"valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements applicable to an abstract in respect of Life Insurance Business.

The following tabular statements shall be annexed to every abstract prepared in accordance with the requirements of this Part of this Schedule, namely:—

(*a*) a Consolidated Revenue Account, in the Form G annexed to this Part of this Schedule, for the inter-valuation period (except that it shall not be necessary to prepare such an account in respect of any class of business so long as the insurer deposits annually with the Superintendent of Insurance an abstract in respect of that class of business) ; and

(*b*) a summary and valuation in the Eorm H annexed to this Part of this Schedule of the policies included at the voluation date in the class of business to which the abstract relates ; and

(*c*) a valuation Balance-Sheet in the Form I annexed to this Part of this Schedule ;

(*d*) a statement in Form DDD as set forth in Part II of the third Schedule of the additions to and deductions from the number of policies and the sums insured thereunder for each class of life insurance ; and

(*e*) a statement in Form DDDD as set forth in Part II of the third Schedule of particlars of policies forfeited or lapsed under each class of life insurance ;

and every such abstract shall show :

1. The valuation date.
2. The general principles and full details of the methods adopted in valuation of each of the various classes of insurances and annuities shown in the said Form H, including statements on the following points:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws or how otherwise ;

(*b*) the method by which the net premiums have been arrived at and how the ages at entry, premium

terms and maturity dates have been treated for the purpose of the valuation ;

(*c*) the methods by which the valuation age, period from the valuation date to the maturity date, and the future premium terms, have been treated for the purpose of the valuation ;

(*d*) the rate of bonus taken into account whereby the method of valuation definite provision is made for the maintenance of a specific rate of bonus ;

(*e*) the method of allowing for –

(*i*) the incidence of the premium income ; and

(*ii*) premiums payable otherwise than annually ;

(*f*) the methods by which provision has been made for following matters, namely :

(*i*) the immediate payment of claims ;

(*ii*) future expenses and profits in the case of limited payment and paid up policies ;

(*iii*) the reserve in respect of lapsed policies not included in the valuation, but under which a liability exists or may arise and whether any reserves have been made for the matters aforesaid ;

(*g*) whether under the valuation method adopted any policy would be treated as an asset, and if so, what steps, if any, have been taken to eliminate such asset ;

(*h*) a statement of the manner in which policies on under average lives and policies subject to premiums which include a charge for climatic, military or other extra risks have been dealt with ; and

(*i*) the rates of exchange at which liabilities in respect of policies issued in foreign currencies have been converted into rupees and what provision has been made for possible increase of liability arising from future variations in the rates of exchange.

3. The table of mortality used, and the rate of interest assumed, in the valuation.

4. The proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums separately specified in respect of insurances with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits.

5. The average rates of interest yielded by the assets whether invested or uninvested, constituting the life insurance fund for each of the years covered by the valuation date.

6. The basis adopted in the distribution of profits as between the insurer and policy-holders, and whether such basis

was determined by the instruments constituting the company, or by its regulations or bye-laws, or how otherwise.

7. The general principles adopted in the distribution of profits among policy-holders, including statements on the following points, namely:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws, or how otherwise;

(*b*) the number of years' premiums to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted;

(*c*) whether the bonus is allotted in respect of each year's premium paid, or in respect of each completed calendar year or year of assurance or how otherwise; and

(*d*) whether the bonus vests immediately on allocation or, if not, the conditions of vesting.

8. (1) The total amount of profits arising during the inter-valuation period, including profits paid away and sums transferred to reserve funds or other accounts during that period, and the amount brought forward from the preceding valuation (to be stated separately) and the allocation of such profits.—

(*a*) to interim bonus paid;

(*b*) among policy-holders with immediate participation, giving the number of the policies which participated and the sum assured thereunder (excluding bonuses);

(*c*) among policy holders with deferred participation. giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*d*) among policy-holders in the discounted bonus class, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*e*) to the insurer or, in the case of an insurance company, among shareholders or to shareholders' accounts (any such sums passed through the accounts during the inter-valuation period to be separately stated;

(*f*) as carried forward unappropriated.

2. Specimens of bonuses allotted as at the valuation date to policies for one thousand rupees.—

(*a*) for the whole term of life effected at the respective ages of 20, 30 and 40 and having been in force respectively for five years, ten years and upwards at intervals of ten years; and

(*b*) for endowment insurances effected at the respective ages of 20, 30 and 40, for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years;

together with the amounts apportioned under the various manners in which the bonus is receivable.

9. A statement in Form J annexed to this Part of this Sechedule of specimen policy reserve values held or required to be held according to the methods adopted in the valuation, and specimen minimum surrender values in respect of whole life insurance policies for Rs. 1,000 with premiums payable throughout life effected at the respective ages of 20, 30, 40 and 50, and immediately on payment of the first, second, third, fourth, sixth, seventh, eighth, ninth, tenth, fifteenth and twentieth annual premium; with similar specimen policy reserve values and specimen surrender values in respect of whole life insurance policies subject to premiums payable for 20 years and of endowment insurance policies maturing at age 55.

10. A statement showing how the liability under any disability clause in a policy has been determined in the valuation with full information of the tables of sickness or accident used for the purpose.

FORM G.

Consolidated Revenue Account of *for years commencing and ending 19* .

	Business within the State.	Total.		Business within the State.	Total.
	Rs.	Rs.		Rs.	Rs.
Claims under Policies (including provision for claims due or intimated) less Re-insurances—			Balance of life insurance fund at the beginning of the period ..		
By death			Premiums, less Re-insurances ..		
By maturity			Consideration for Annuities granted, less Re-insurances (*b*) ..		
Annuities, less Re-insurances ..			Interest, Dividends and Rents, Rs		
Surrenders (including Surrenders of bonuses), less Re-insurances ..			Less Income-tax thereon (*c*) Rs.		
Bonuses in cash, less Re-insurances					
Bonuses in reduction of premiums, less Re-insurances ..			Registration Fees ...		
Commission (less that on Re-insurances)			Other income (to be specified) ...		
Expenses of Management (*a*) ..			Loss transferred to Profit and Loss Account ..		
Agents' and Canvassers' allowance..			Transferred from Appropriation Account ..		
Salaries, etc. (other than to Agents and Canvassers)					
Travelling expenses					
Directors' fees					
Auditors' fees					
Medical fees					
Law charges					
Advertising					
Printing and Stationery ..					
Other expenses of Management (accounts to be specified) ..					
Other payments (accounts to be specified)					
Rents for offices belonging to and occupied by the company ..					

FORM G—(*concluded*).

	Business within the State.	Total.	Business within the State.	Total.
Rents of other offices occupied by the company				
Bad debts ..				
Other expenditure (to be specified) ..				
Profit transferred to Profit and Loss Account				
Balance of life insurance fund at end of the period as shown in the balance-sheet				
	Rs. ..		Rs. ..	

NOTE.—(*a*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately.

(*b*) All single premiums for annuities whether immediate or deferred, must be included under this heading.

(*c*) Foreign income-tax on Interest, Dividends and Rents must be shown under this heading, less any rebates of income-tax recovered from the revenue authorities in respect of expenses of management.

(*d*) In the case of an insurer having his principal place of business outside the State the expenses of management for the total business need not be split up into the several sub-heads, if they are not so split up in his own country.

FORM H.

Summary and Valuation of the Policies of *as at* *19* .

Description of Transactions.	Particulars of the Policies for valuation.					Valuation.				
	No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
DIVISION I.									
INSURANCES.									
Group A.—									
With immediate participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra premiums									
Total insurances									
Deduct-Re-Insurances									
Net Insurances									
Group B.—									
With deferred participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra Premiums									
Total Insurances									
Deduct-Re-Insurances									
Net Insurances									
Group C.—									
Under discounted bonus systems ..									
For whole term of life									
Other classes (to be specified)									

FORM H.—(*continued*).

Description of Transactions.	No. of Policies.	Sums Assured.	Bonuses.	Particulars of the Policies for valuation. Office Yearly Premiums.	Net Yearly Premiums.	Valuation. Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Extra premiums .. -- --									
Total Insurances -- --									
Deduct-Re-Insurances .. --									
Net Insurances ... -- --									
Total Insurances with profits --									
Group D.—									
Without participation in profits --									
For whole term of life ..									
Other classes (to be specified) ..									
Extra premiums -- -- --									
Total insurances									
Deduct-Re-insurances -- ...									
Net Insurances									
Total Insurances without profits ..									
Total of the Insurances shown in all groups									
Deduct-Re-Insurances .. --									
Net Amount of Insurances									
Adjustments, if any (to be separately specified) .. ... --									

DIVISION II.

ANNUITIES ON LIVES.

Immediate Annuities ..	
Deferred Annuities with return of premiums	
„ „ without „ „ „	

FORM H.—(*concluded*).

Description of Transactions.		*Particulars of the Policies for valuation.*					*Valuation.*				
		No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.	
Other classes (to be specified)											
Total Annuities	—										
Deduct-Re-insurances	..										
Net Annuities on Lives	—										
Dotal of the results (after deductions of Re-insurances)	..	—									

NOTES.—1. Items in this Summary are to be stated to the nearest rupee.

2. No policy of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, is to be included in Group A, B, C, or D, of this Form: any such policies must be shown in a separate Group which must be added to the Form.

3. If policies without participation in profits but with a guaranteed rate of bonus are issued they must be separately specified in Group D of this Form.

4. Policies under which there is a waiver of premiums during disability must be shown as a separate class.

5. Separate forms must be prepared in respect of classes of policies valued by different tables of mortality or at different rates of interest or involving the valuation of net premiums on different bases.

6. In cases where separate valuations of any portion of the business are required under local laws in places outside British India and reserves based on such valuations are deposited in such places, a statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place with a statement as to such bases respectively.

7. Office and net premiums and the values thereof must be shown after deductions of abatements made by the application of bonus.

FORM I.

Valuation Balance-Sheet of *as at* *19* .

	Rs.		Rs.
Net liability under business as shown in the summary and valuation of policies.		Balance of Life Insurance Fund as shown in the Balance-sheet ...	
Surplus, if any ...		Deficiency, if any ...	
	—		—

NOTE. If the proportion of surplus allocated to the insurer, or in the case of an insurance company to share-holders, is not uniform in respect of all classes of insurances, the surplus must be shown separately for the classes to which the different proportions relate.

Form J.

Specimen policy reserve values and minimum surrender values under a policy for Rs. 1,000.

Serial No.	Number of premiums paid.	Age at Entry 20.		Age at entry 30.		Age at entry 40.		Age at entry 50.	
		Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.
*									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
15									
20									

NOTE.—Items in this Form to be stated to the nearest rupee.

FIFTH SCHEDULE.

(See Section 13)

Instructions for preparing statements of business in force and requirements applicable to such statements.

PART I.

INSTRUCTIONS.

1. Statements prepared under this Schedule must be prepared, so far as practicable, in tabular form and must be identified by numbers and letter corresponding with those of the paragraphs of Part II of this Schedule.

2. Except with respect to rates of premiums or contribution, items in statements prepared under this Schedule are to be shown to the nearest rupee.

3. Extra premium shown in the forms of Summary and Valuation prepared under the fourth Schedule to this Regulation must not be included in statements prepared under this Schedule.

4. Every statement prepared under this Schedule shall be signed by the actuary making the investigation in connection with which it is prepared.

5. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "annual loading" means the provision made for future expenses and profits;

(*b*) "extra premiums" means a charge for any risk not provided for in the minimum oontract premium ;

(*c*) "net premiums" means the premiums taken credit for in the valuation in connection with which any statement is prepared ; and

(*d*) "valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

REQUIREMENTS FOR STATEMENTS APPLICABLE TO LIFE INSURANCE BUSINESS.

The statements required to be prepared under this Part of this Schedule are as follows, namely :—

1. Statements, separately prepared in respect of policies with

and without participation in profits, showing :—

(*a*) as respects policies for the whole term of life, the rates of office premiums charged, in accordance with the published tables in use, for new policies giving the rates for decennial ages at entry from 20 to 70 inclusive ; and

(*b*) as respects endowment insurance policies, the rates of office premiums charged, in accordance with the published tables in use for new policies with original terms of ten, fifteen, twenty, thirty and forty years, giving the rates for decennial ages at entry from 20 to 40 inclusive, but excluding policies under which the age at maturity exceeds 60.

2. Statements, separately prepared in respect of policies with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits, showing in quinquennial groups—

(*a*) as respects policies for the whole term of life—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped according to ages attained ;

(*ii*) the amunt per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life, and of the corresponding net premiums, grouped according to ages attained ; and

(*iii*) the amount per annum, after deducting abatements made by application of bonus of office premiums payable for a limited number of years, and either the corresponding net premiums grouped in accordance with the grouping adopted for the purposes of the valuation, or, the annual loading reserved for the remaining duration of the policies, grouped according to ages attained;

(*b*) as respects endowment insurance policies—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately) grouped in accordance with the grouping adopted for the purposes of the valuation :

Provided that—

(*a*) as respects endowment insurance policies which will reach maturity in less than five years, the information required by sub-paragraph (*b*) (*i*) of this paragraph must be given for each year instead of in quinquennial groups ; and

(*b*) where the office premiums payable under policies for the whole term of life for a limited number of years, or the office premiums payable under endowment insurance policies, or the corresponding net premiums are grouped for the purposes of the valuation otherwise than according to the number of years payments remaining to be made or where the sums assured under endowment insurance policies are grouped for the purposes of the valuation otherwise than according to the years in which the policies will mature for payment or in which they are assessed to mature if earlier than the true year, then in any such case the valuation constants and an explanation of the method by which they are calculated must be given for each group, and in the case of the sums assured under endowment insurance policies a statement must also be given of the amount assured maturing for payment in each of the two years following the valuation date;

(*ii*) the amouut per annum, after deducting abatements made by application of bonuses of office premium payable and of the corresponding net premium grouped in accordance with the grouping adopted for the purposes of the valuation

3. Statements as respects any policies in force under which premiums cease to be payable, whether permanently or temporarily during disability arising from sickness or accident, showing the total amount of the office premiums payable.

4. Statements as respects immediate annuities on single lives for the whole term of life, separately prepared in respect of annuities on male and female lives, showing in quinquennial age groups the total amount of such annuities.

5. Statements as respects deferred annuities, separately prepared in respect of annuities on male and female lives, showing the specimen reserve values for annuities of one hundred rupees which will be produced on maturity on the basis of valuation adopted at ages, in the case of male lives, 60 and 65, and in the case of female lives, 55 and 60 ; the said statements must show the specimen reserve values which will be produced under the table of annual premiums in use for new policies, and if under any other table of annual premiums in use for any other deferred annuity policies in force smaller reserve values will be pro-

duced, the like specimens of these must also be given.

6. Statements as respects any policies of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, showing the total claims paid since the date as at which the last statements were prepared under this Part of this Schedule or, where no such statements have been prepared since the date on which the insurer began to carry on the class of business to which the statements relate, and the reserve for unexpired risks and outstanding claims.

THE SIXTH SCHEDULE.

(See section 55)

Rule as to the valuation of the Liabilities of an Insurer in Insolvency or Liquidation.

The liabilities of an insurer in respect of current contracts effected in the course of life insurance business including annuity business, shall be calculated by the method and upon the basis to be determined by an actuary approved by the Court, and the actuary so approved shall, in determining as aforesaid, take into account :

(*a*) the purpose for which such valuation is to be made;

(*b*) the rate of interest and the rates of mortality and sickness to be used in valuation ; and

(*c*) any special directions which may be given by the Court.

The liabilities of an insurer in respect of current policies other than life policies shall be such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid.

CERTIFICATE.

The above Regulation was passed by the Jammu and Kashmir Praja Sabha on 18th April 1939 corresponding to 6th Baisakh 1996 and received the assent of His Highness the Maharaja Bahadur on 8th August 1939 corresponding to 24th Sawan 1996.

(Sd.) HIRANAND RAINA,

Secretary to Government, Praja Sabha Department.

HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

REGULATION No. XV OF 1996.

—:o:—

A Regulation to provide for the regulation of the Business of Insurance.

—:o:—

JAMMU:

Printed at The Ranbir Government Press—11-7-96—600.

1939.

PRICE 0-11-3.

KASHMIR UNIVERSITY
Acc No 492632
Date

Acc No. 492632
Date

HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

PRAJA SABHA SECRETARIAT.

REGULATION No. XV OF 1996.

A Regulation to provide for the regulation of the Business of Insurance.

WHEREAS it is expedient to provide for the regulation of the Business of Insurance, it is hereby enacted as follows :—

PART I.

PRELIMINARY.

1. *Short title, extent and commencement.*—(1) This Regulation may be called the Jammu and Kashmir Insurance Regulation, 1996.

(2) It extends to the whole of Jammu and Kashmir State.

(3) It shall come into force on such date as the Government may by notification in the Government Gazette, appoint in this behalf.

2. *Definitions.*—In this Regulation unless there is anything repugnant in the subject or context :—

(1) "actuary" means an actuary possessing such qualifications as may be prescribed ;

(2) "Policy-holder" means the person who for the time being is a legal holder of the policy and includes the person who is the absolute assignee of the benefits under the policy ;

(3) "approved securities" means securities for money issued under the authority of any Act of a Legislature established in British India and include dabentures or other securities issued under the authority of His Highness' Government in this behalf ;

(4) "auditor" means a person qualified under the provisions of section 144 of the Companies Regulation, to act as an auditor of companies ;

(5) "certified" in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified bv a principal officer of the insurer to be a true copy or a correct translation, as the case may be ;

(6) "Court" means the principal civil court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction ;

(7) "Prescribed" means prescribed by rules made under this Regulation ;

(8) "insurance company" means any insurer being a company, association or partnership which may be wound up under the Companies Regulation or to which the Partnership Regulation applies ;

(9) "insurer" means—

(*a*) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than the State carrying on insurance business which—

(*i*) carries on that business within the State or

(*ii*) has his or its principal place of business within the State ;

(*iii*) with the object of obtaining insurance business, employs a representative, or maintains a place of business in the State ;

(*b*) any body corporate carrying on the business of insurance, which is a body corporate incorporated under any law for the time being in fore in the State, or stands to any such body corporate in the relation of a subsidiary company within the meaning of the Companies Regulation as defined by sub-section (2) of section 2 of that Regulation ;

(10) "insurance agent" means an insurance agent licensed under section 41 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business ;

(11) "life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life and, if so provided in the contract of insurance, disability and double indemnity accident benefits ;

(12) "manager" and "officer" have the meanings assigned to those expressions in clauses (9) and (11) respectively of section 2 of the Companies Regulation ;

(13) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise

provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called ;

Explanation.—If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of section 31 of this Regulation ;

(14) "Superintendent of Insurance" means the officer appointed by the Government to perform the duties of the Superintendent of Insurance under this Regulation ;

(15) "State" means the Jammu and Kashmir State.

PART II.

Provisions Applicable to Insurers.

3. *Registration*.—(1) No insurer shall, after the commencement of this Regulation begin to carry on any class of insurance business within the State and no insurer carrying on any class of insurance business in the State shall, after the expiry of one year from the commencement of this Regulation continue to carry on any such business, unless he has obtained from the Superintendent of Insurance a certificate of registration.

(2) Every application for registration shall be accompanied by—

(*a*) a certified copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Companies Regulation or, in the case of any other insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, a certified copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business outside the State, the document specified in clause (*a*) of section 60 ;

(*b*) the name, address and the occupation, if any, of the directors where the insurer is a company incorporated under the Companies Regulation, and in the case of an insurer specified in sub-clause (*a*) (*ii*) of clause (9) of section 2 the names and addresses of the proprietors and of the manager in the State and in any other case the full address of the principal office of the insurer and the names of the directors and the manager at such office and the name and address of some one or more persons resident in the State authorised to accept any notice required to be served on the insurer ;

(*c*) a statement of the class or classes of insurance business done or to be done, and a statement that the amount required to be deposited by section 7 before application for registration is made has been deposited together with a certificate from the Government treasury showing the amount deposited ;

(*d*) in the case of an insurer having his principal place of business outside British India a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country ;

(*e*) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound ;

Provided that in the case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statements shall be complied with, only so far as prospectus, forms and statements may be available ; and

(*f*) the prescribed fee for registration being not more than one hundred rupees for such class of business.

(3) In the ease of any insurer having his principal place of business or domicile outside British India the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satistied that in the country in which such insurer has his principal place of business or domicile Indian nationals are debarred by the law or practice of the country relating to, or applied to, insurance from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 61 and section 62 is not satisfied.

(4) In the case of any insurer the Superintendent of Insurance shall cancel a registration already made if the insurer fails to comply with the provisions of section 7 as to deposits.

(5) When the Superintendent of Insurance withholds or cancels any registration under sub-section (3) or sub-section (4) he shall give notice in writing to the insurer of his decision and

the decision shall take effect on such date as he may specify in that behalf in the notice, such date not being less than one month nor more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Regulation applicable to him, grant the insurer a certificate of registration.

4. *Minimum limit for annuities and other benefits secured by policies of life insurance.*—(1) No insurer shall pay or undertake to pay on any policy of life insurance issued after the commencement of this Regulation an annuity of twenty-five rupees or less or a gross sum of rupees two hundred and fifty or less exclusive of any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount.

(2) Nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.

5. *Restriction on name of insurer.*—(1) An insurer shall not be registered by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies his consent to the Superintendent of Insurance.

(2) If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first-mentioned insurer shall, if called upon to do so by the Superintendent of Insurance on the application of the second-mentioned insurer, change his name within a time to be fixed by the Superintendent of Insurance.

6. *Requirements as to capital.*—No insurer shall be registered unless he has as working capital a net sum of not less than twenty-five thousand rupees exclusive of the deposit to be made before registration under this Regulation.

7. *Deposits.*—(1) Every insurer shall, in respect of the insurance business carried on by him in the State deposit and keep deposited with the Government cash or approved securities, estimated at the market value of the securities on the day of

deposit, of the amount hereafter specified, namely :—

(*a*) Where the business done or to be done is life insurance only, fifty thousand rupees ;

(*b*) where the business done or to be done is fire insurance only, thirty thousand rupees ;

(*c*) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, thirty thousand rupees ;

(*d*) where the business done or to be done includes life insurance and any one or both of the two classes specified in clauses (*b*) and (*c*), one lac rupees of which fifty thousand rupees shall be deposited for life insurance business ;

(*e*) where the business done or to be done does not include life insurance but includes all classes specified in clauses (*b*) and (*c*), sixty thousand rupees.

(2) The deposit may be made by an insurer in instalments of not less than one-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in the State, and the balance before the expiry of three years from the commencement of business in the State :

Provided that in the case of any insurer not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 and not being an insurer incorporated in or domiciled in the United Kingdom or India, the deposit shall be made in full before the application for registration is made.

(3) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) or sub-section (2) shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business or so much thereof as under the provisions of this section is to be made before the application for registration, has also been made in full.

(4) If any part of a deposit made under this section is used in the discharge of any liability of the insurer the insurer shall deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied within a period of two months from the date when the deposit or any part thereof si so used for discharge of liabilities.

8. *Reservation of deposits.*—(1) Any deposit made under section 7 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge ; nor shall it be available for the discharge of any liability of the insurer other than, liabilities arising out of policies of insurance issued by the insurer so long as any such liabilities remain undischarged ; nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt the policy-holder has failed to realise in any other way.

(2) Where a deposit is made in respect of life insurance business the deposit made in respect thereof shall not be available for the discharge of any liability of the insurer other than liabilities arising out of policies of life insurance issued by the insurer.

9. *Refund of deposits.*—Where an insurer has ceased to carry on in the State any class of insurance business in respect of which a deposit has been made under section 7 and his liabilities in the State in respect of business of that class have been satisfied or are otherwise provided for, the Court may, on the application of the insurer, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

10. *Separation of accounts and funds.*—(1) Where the insurer carries on business of more than one of the classes specified in sub-section (1) of section 7, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(2) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund

(3) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly save as provided in section 48 for any purposes other than those of life insurance.

11. *Accounts and balance-sheet.*—(1) Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance

business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State, shall at the expiration of each calendar year prepare with reference to that year—

(*a*) in accordance with the instructions contained in Part I of the first Schedule a balance-sheet in the form set forth in Part II of that Schedule;

(*b*) in accordance with the instructions contained in Part I of the second Schedule a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in sub-eection (1) of section 7 and no other business;

(*c*) in respect of each class of insurance business carried on by him in accordance with the instructions contained in Part I of the third Schedule, a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(2) Unless the insurer is a company to which the Companies Regulation applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company, by the chairman, if any, and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

12. *Audit*.—The balance-sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him, shall, unless they are subject to audit under the Companies Regulation in the State be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 145 of the Companies Regulation.

13. *Actuarial report and abstract*.—(1) Every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in the State, and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*)

of clause (9) of section 2 in respect of all life insurance business transacted by him, once at least in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the instructions contained in Part I of the fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the fifth Schedule, and prepared in accordance with the instructions contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract:

Provided that if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Regulation.

14. *Register of policies and register of claims.*—Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of sub-clause (9) of section 2 in respect of all business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State shall maintain—

(*a*) a register or record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policy-holder, the date when the policy was effected and a record of any

transfer, assignment or nomination of which the insurer has notice, and

(*b*) a register or record of claims, in which shall be entered every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds therefor.

15. *Submissions of returns.*—(1) The audited accounts and statements referred to in section 11 and the abstract and statement referred to in section 13 shall be printed, and four certified copies thereof shall be furnished as returns to the Superintendent of Insurance within six months from the end of the period to which they refer. The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 13 by a period not exceeding three months :

Provided that the said period of six months shall in the case of insurers having their principal place of business or domicile outside the State and in the case of insurers constituted, incorporated in the State but also carrying on business outside the State be extended by three months, and provided further that the Government may in any case extend the time allowed by this sub-section for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four certified copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officers of the company and, if the company has a managing director or managing agent, by that director or managing agent, in the case of a firm, by two partners of the firm, and, in the case of an insurer being an individual, by the insurer himself.

(3) Where the insurer's principal place of business or domicile is outside the State he shall forward to the Superintendent of Insurance, along with the documents referred to in section 11, the balance-sheet, profit and loss account and valuation statements, if any, which the insurer is required to file with the public authority of the country in which the insurer is constituted, incorporated or domiciled, or where such documents are not required to be filed, a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

16. *Exemption from certain provisions of the Regulation.*—Where an insurer, being a company incorporated under the Companies Regulation in any year furnished his accounts and balance-sheet in accordance with the provisions of the foregoing section 15, he may at the same time send to the Registrar of the

Companies a certified copy of such accounts and balance-sheet ; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that Regulation and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

17. *Furnishing reports.*—Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

18. *Abstract of proceedings of general meetings.*—Every insurer being a company or body incorporated under any law for the time being in force in the State shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates.

19. *Custody and inspection of documents and supply of copies.*—(1) Fvery return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection ; and any person may procure a copy of any such return, or of any part thereof on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied, any five figures being deemed equivalent to one word.

(2) A printed or certified copy of the accounts, statements and abstract furnished in accordance with the provisions of section 15 shall, on the application of any share-holder or policy-holder made at any time withtin two years from the date on which the document was so furnished, be supplied to him by the insurer within fourteen days when the insurer is constituted, incorporated or domiciled in the State and in any other case within one month of such application.

(3) A copy of the memorandum and articles of association of the insurer if a company shall on the application of any policy-holder be supplied to him by the insurer on payment of one rupee.

20. *Powers of Superintendent of Insurance regarding returns.*—(1) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this Regulation is inaccurate or defective in any respect, he may—

(*a*) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return ;

(*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in the State any book of account, register or other docu-

ment or to supply any statement which he may specify in a notice served on the insurer for the purpose ;

(*c*) examine any officer of the insurer on oath in relation to the return ;

(*d*) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which the requisition asking for correction of the inaccuracy or supply of the deficiency was delivered to the insurer and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 15 relating to the furnishing of returns.

(2) The Court may on the application of an insurer and after hearing the Superintendent cancel any order made by the Superintendent under clause (*a*) (*b*) or (*c*) of sub-section (1) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

21. *Power of Superintendent of Insurance to order revaluation.*—If it appears to the Superintendent of Insurance that an investigation or valuation to which section 13 refers does not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may, after giving notice to the insurer and giving him an opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by the insurer for this purpose and approved by the Superintendent of Insurance.

22. *Evidence of documents.* - (1) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(2) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a return so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

23. *Summary of returns to be published.*—The Government shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Regulation or purporting to be under this Regulation which have been furnished to the Superintendent of Insurance for the year preceding the year of publication and may append to such summary any note of the Government and any correspondence in relation thereto.

24. *Returns to be published in statutory forms.*—No insurer shall publish in the State any return in a form other than that in which it has been furnished to the Superintendent of Insurance :

Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity.

25. *Alterations in the particulars furnished with application for registration to be reported.*—Whenever any alteration occurs or is made which affect any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer shall forthwith furnish to the Superintendent of Insurance full particulars of such alteration.

26 (1) Every insurer registered, incorporated or domiciled in the State shall subject to the provisions of sub-section (2), at all times invest and hold invested assets equivalent to not less than 55 per cent. of the sum of the amount of his liabilities to holders of life insurance on account of matured claims and the amount required to meet the liability on policies of life insurance maturing for payment in the State, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance in approved securities;

Provided that an insurer, not being an insurer defined in sub-clause (*b*) of clause (9) of section 2, shall invest 68 per cent. of the sum instead of 55 per cent. in approved securities.

(2) An insurer carrying on business at the commencement of this Regulation to whom sub-section (1) applies shall before the expiry of four years from the commencement of this Regulation invest the total amount required to be invested by that sub-section in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (1) before the expiry of one year; not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Regulation.

(3) Every insurer, not being an insurer specified in sub-clause (*b*) of clause (9) of section 2, shall by a trust-deed appoint a trustee in the State for the sum to be invested under clauses (1) and (2). The said trustee shall be a subject of the State and such trust-deed shall be executed in favour of the Jammu and Kashmir Government and shall be registered in accordance with the provisions of the Registration Regulation, 1977. The trust-deed shall specify the manner in which sums may be invested.

27. *Statement of investments of assets.*—(1) Every insurer registered under this Regulation carrying on the business of life insurance, shall twice in every year, namely, within fourteen days of the 30th day of June and within fourteen days of the 31st day of December, submit to the Superintendent of Insurance a statement showing as at the said dates the assets held invested in the manner prescribed and such statement shall be certified by the principal officer of the insurer.

(2) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets held invested and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

28. *Prohibition of loans* — No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security or otherwise, except loans on life policies issued by him within their surrender value, to any director, manager, managing agent, actuary, auditor or officer of the insurer if a company, or where the insurer is a firm to any partner therein, or to any other company or firm in which any such director, manager, managing agent, actuary, officer or partner holds the position of a director, manager, managing agent, actuary, officer or partner :

Provided that nothing herein contained shall apply to loans made by an insurer to a banking company :

Provided further that every existing loan to any director, manager, managing agent, auditor, actuary, officer or partner, notwithstanding any contract to the contrary, shall be repaid within one year from the commencement of this Regulation, and in case of default, such defaulting director, manager, managing agent, auditor, actuary, officer or partner shall cease to hold office on the expiry of one year from the commencement of this Regulation :

Provided further that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company.

29. *Liability of directars etc., for loss due to contravention of section 27.*—If by reason of a contravention of any of the provisions of section 27, any loss is sustained by the insurer or by the policy-holders, every director, manager, managing agent, officer or partner who is knowingly a party to such contravention shall without prejudice to any other penalty to which he may be liable under this Regulation, be jointly and severally liable to make good the amount of such loss.

30. *Assets of insurer how to be kept.*— None of the assets in the State of any insurer shall, except in the case of deposits made with the Government under section 7 be kept otherwise than in the corporate name of the undertaking, if a company, or in the names of the partners, if a firm or in the name of the proprietor, if an individual.

31. *Limitation on employment of managing agents and on the remuneration payable to them.*—(1) No insurer shall after the commencement of this Regulation appoint a managing agent for the conduct of his business.

INSPECTION.

32. *Power of Superintendent of Insurance to order inspection.*—(1) If the Superintendent of Insurance has reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this Regulation or that an offence under this Regulation has been or is likely to be committed by an insurer or any officer of an insurer or if he receives a requisition in this behalf signed by share-holders of an insurer being a company less in number than one-tenth of the whole body of share-holders and holding not less than one-tenth of the whole share capital or if he receives a requisition in this behalf signed by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees and supported by an affidavit, he may, after giving notice to the insurer and giving him an opportunity to be heard, appoint, an auditor, or actuary or both, not being an auditor or actuary in the employ of the insurer, to investigate the affairs of the insurer or may himself make such investigation.

(2) The Court may, on the application of an insurer and after giving notice to and hearing the Superintendent of Insurance forbid such action by the Superintendent, if the insurer satisfies the Court that it is unnecessary in the circumstances.

(3) The results of any investigation made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer ; and a copy of such report shall be furnished to the policy-holders who have sent a requisition for such an investigation.

(4) The Superintendent of Insurance may require the insurer to comply within a time to be specified by him (not being less than fifteen days from the receipt of the notice by the insurer)

with any directions he may issue to remedy defects disclosed by such inspection.

(5) If, as a result of any investigation made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policy-holders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued under sub-section (4), the Superintendent may, after giving notice to the insurer and giving him an opportunity to be heard apply to the Court to have the business of the insurer wound up.

33. *Powers of investigator.*---When any investigation is made in pursuance of section 32 the provisions of section 140 of the Companies Regulation shall apply for the purpose of such investigation as they apply to an investigation made in pursuance of section 138 of that Regulation and all expenses of and incidental to such investigation shall be defrayed for the insurer.

Amalgamation and Transfer of Insurance Business.

34. *Amalgamation and Transfer of Insurance Business.*---(1) No life insurance business of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court having jurisdiction over one or other of the insurers concerned.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(3) Before an application is made to the Court to sanction any such scheme notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reasons therefor shall at least two months before the application is made be sent to the Government, and certified copies of the following documents shall be furnished to the Government and shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely :—

(*a*) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer ;

(*b*) statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer ; and

(*c*) the actuarial or other reports on which the scheme was

founded including a report by an independent actuary on the proposed amalgamation or transfer.

(4) Where an application under sub-section (3) is made to the Court within three months from the commencement of this Regulation, the Court may, on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for registration and for the payment of the first instalment of the deposit under sections 3 and 7 for such period not exceeding nine months as the Court may think fit.

35. *Sanction of amalgamation and transfer by Court.*—When any application such as is referred to in sub-section (3) of section 34 is made to the Court, the Court shall cause if for special reasons it so directs, notice of the application to be sent to every person resident in the State who is the holder of a life policy of any insurer concerned and shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and after hearing the directors and such policy-holders as apply to be heard and any other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

36. *Statements required after amalgamation and transfer.*—Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

ASSIGNMENT OR TRANSFER OF POLICIES AND NOMINATIONS.

37. *Assignment and transfer of life insurance policies.*—(1) A transfer or assignment of a policy of life insurance, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(2) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representative any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business in the State by or on behalf of the transferor or transferee.

(3) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instruments of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (2) are delivered.

(4) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgement of the receipt of such notice and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement related.

(5) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee named in the notice as the only person entitled to benefit

under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

(6) The rights and remedies of the assignee or transferee of a policy of life insurance existing prior to the commencement of this Regulation shall not be affected by the provisions of this section.

(7) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life of the policy-holder, and an assignment in favour of the survivor or survivors of a number of persons, shall be valid.

38. *Nomination by policy-holder.*—(1) The holder of a policy of life insurance may when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be

(3) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgement of having done so

(4) A transfer or assignment of a policy made in accordance with section 37 shall automatically cancel a nomination.

(5) Where the policy matures for payment during the life-time of the policy-holder or where the nominee or, if there are more nominees than one all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal heirs or legal representatives or the holders of a succession certificate, as the case may be.

(6) Where the nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy survivor shall be payable to such survivor or survivors.

Commission and Rebates and Licensing of Agents.

39. *Prohibition of payment by way of commission or otherwise for procuring business.*—(1) No person shall, after the expiry of six months from the commencement of this Regulation, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business in the State to any person except an insurance agent licensed under section 40 or a person acting on behalf of an insurer who for the purposes of insurance business employs licensed insurance agents.

(2) No insurance agent licensed under section 41 shall be paid or contract to be paid by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, forty per cent. of the first year's premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or, in the case of business of any other class, fifteen per cent., of the premium:

Provided that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the first year's premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.

(3) Nothing in this section shall prevent the payment under any contract existing prior to the operation of this Regulation, of gratuities or renewal commission to an insurance agent or to his representatives after his decease in respect of insuarnce business effected through him before the said date.

40. *Prohibition of rebates.*—(1) No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to effect or renew an insurance in respect of any kind of risk relating to lives or property in the State any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(2) Any persons making default in complying with the provisions of this section shall be punishable with fine which may extend to one hundred rupees unless the default is made by a person effecting or renewing a policy, in which case he shall be punishable with fine which may extend to fifty rupees only.

41. *Licensing of insurance agents.*—(1) The Superintendent of Insurance or an officer authorised by him in this behalf shall in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making

an application under this section and not suffering from any of the disqualifications hereinafter mentioned a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business.

(2) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer.

(3) A licence issued under this section shall expire on the first day of Baisakh in each year, but shall, if the applicant does not suffer from any of the disqualifications hereinafter mentioned, be renewed from year to year on payment of a fee of one rupee.

(4) The disqualifications above referred to shall be the following :—

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a Court of competent jurisdiction ;

(*c*) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured.

(5) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which be may be liable, the Superintendent of Insurance shall, and if the agent has knowingly contravened any provision of this Regulation may, cancel the licence issued to the agent under this section.

42. *Register of insurance agents.*—(1) Every insurer and every person who acting on behalf of an insurer employs licensed insurance agents shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date, if any, on which his appointment ceased

(2) Any individual not holding a licence issued under section 41 who acts as an insurance agent shall be punishable with fine which may extend to fifty rupees, and any insurer who, or any person acting on behalf of an insurer who, appoints as an insurance agent any individual not so licensed, or transacts any insurance business in the State through any such individual, shall be punishable with fine which may extend to one hundred rupees.

(3) The provisions of sub-section (2) shall not take effect until the expiry of six months from the commencement of this Regulation.

43. *Prohibition of cessation of payments of commission.*—Notwithstanding anything to the contrary in a contract between any person and an insurance agent licensed under section 41 forfeiting or stopping payment of renewal commission to such insurance agent, no such person shall in respect of life insurance business done in the State refuse payment to an insurance agent of commission on renewal premiums due to him under the agreement by reason only of the termination of his agreement except for fraud:

Provided that such agent has served such person continually and exclusively for at least ten years, and provided further that, after his ceasing to act as agent, he does not directly or indirectly solicit or procure insurance business for any other person.

Special Provisions of Law.

44. *Policy not to be called in question on ground of misstatement after two years.*—No policy of life insurance effected before the commencement of this Regulation shall after the expiry of two years from the date of commencement of this Regulation and no policy of life insurance effected after the coming into force of this Regulation, shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false

45. *Application of State Law to policies issued in the State.*—The holder of a policy of insurance issued by an insurer in respect of insurance business transacted in the State after the commencement of this Regulation shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto to receive payment in the State of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in the State; and if the suit is brought in the State any question of law arising in connection with any such policy shall be determined according to the law in force in the State.

46. *Payment of money into Court.*—(1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain

a satisfactory discharge for the payment of such amount, the insurer shall before the expiry of nine months from the date of the maturing of the policy apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(2) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(3) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal officer of the insurer setting forth the following particulars, namely : —

(*a*) the name of the insured person and his address ;

(*b*) if the insured person is deceased, the date and place of his death ;

(*c*) the nature of the policy and the amount secured by it ;

(*d*) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received ;

(*e*) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount ; and

(*f*) the address at which the insurer may be served with notice of any proceeding relating to disposal of the amount paid into Court.

(4) An application under this section shall not be entertained by the Court if the application is made before the expiry of six months from the death of the insured, or the maturing of the policy by survival.

(5) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer it shall allow the amount to be paid into Court and shall invest the amount in approved securities pending its disposal.

(6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3), and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.

(7) The Court shall cause notice to be given to every ascertained claimant of the fact that the amount has been paid into Court and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(8) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.

47. *Directors of insurers being companies.*—(1) Where the insurer is a company incorporated under the Companies Regulation and carries on the business of life insurance, not less than one-fourth of the whole number of the directors of the company shall be persons having the prescribed qualifications and holding policies of life insurance issued by the company, and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of life insurance issued by the company.

(2) This section shall not take effect until the expiry of one year from the commencement of this Regulation.

48. *Restriction on dividends and bonuses.*—No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, who carries on the business of life insurance shall in respect of such life insurance business declare or pay any dividend to shareholders or any bonus to policy-holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.

49. *Notice of options available to the assured on the lapsing of a policy.*—An insurer shall, within three months of the lapsing of a policy of life insurance, give notice to the policy-holder informing him of the options available to him.

50. *Supply of copies of proposals and medical reports.*—Every insurer shall on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the questions put to him and his answers thereto contained in his proposal for insurance and in the medical report supplied in connection therewith.

51. *Prohibition of business on dividing principal.*—No insurer shall after the commencement of this Regulation begin or after three years from that date continue to carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution of certain sums amongst policies becoming claims within certain time-limits or on the principle that the premiums payable by a policy-holder depend wholly or partly on the number of policies becoming claims within certain time-limits :

Provided that nothing in this section shall be deemed to prevent an insurer from allocating bonuses to holder of policies of life insurance as a result of a periodical acturial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise :

Provided further that an insurer who continues to carry on

insurance business on the dividing principle after the commencement of this Regulation shall withhold from distribution a sum of not less than forty per cent. of the premiums received during each year after the commencement of this Regulation in which such business is continued so as to make up the amount required for investment under section 26.

WINDING UP.

52. *Winding up by the Court.*—(1) The Court may order the winding up in accordance with the Companies Regulation of any insurance company and the provisions of that Regulation shall subject to the provisions of this Chapter, apply accordingly.

2. In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(*a*) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees ; or

(*b*) if the Superintendent of Insurance, who is hereby authorised to do so, applied in this behalf to the Court on any of the following grounds, namely:—

(*i*) that the company has failed to deposit or to keep deposited with the Government the amounts required by section 7 ;

(*ii*) that the company having failed to comply with any requirement of this Regulation has continued such failure for a period of three months after notice of such failure has been conveyed to the company by the Superintendent of Insurance ;

(*iii*) that it appears from the returns furnished under the provisions of this Regulation or from the results of any investgation made thereunder that the company is insolvent, or

(*iv*) that the continuance of the company is prejudicial to the interests of the policy-holders.

53. *Voluntary winding up.*—Notwithstanding anything contained in the Companies Regulation, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the

ground that by reason of its liabilities it cannot continue its business.

54. *Valuation of Liabilities.*—(1) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the sixth Schedule and to any directions which may be given by the Court.

(2) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rule aforesaid

(3) The rule in the sixth Schedule shall be of same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the Companies Regulation and rules may be made under that section for the purpose of carrying into effect the povisions of this Regulation with respect to the winding up of insurance companies.

55. *Application of surplus assets of life insurance found in liquidation or insolvency.*—(1) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(2) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to share-holders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of

the insurer shall be deemed to exceed his liabilities only in so far as those assets exceed those liabilities after such addition.

Provided that—

(*a*) if in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct, and

(*b*) for the purpose of the application of this sub-section to any case where before the commencement of the winding up or insolvency a proportion of such profits as aforesaid of a branch only of the life insurance business in question has been allocated to policy-holders, the value of the assets and liabilities of the insurer in respect of that branch shall be separately ascertained in like manner as the value of his assets and liabilities in respect of the life insurance business was ascertained, and the surplus so found, if any, of assets over liabilities shall, for the purpose of determining the amount to be added to the liabilities of the insurer in respect of the life insurance business be deemed to be the *prima facie* surplus.

56. *Winding up of secondary companies.* (1) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then, if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may by the same or any subsequent order appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of the winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it things most expedient upon the principles laid down in this section

57. *Schemes for partial winding up of insurance companies.*—(1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Regulation.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for

altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(3) The provisions of this Regulation relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the Companies Regulation relating to the winding up of companies.

(4) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall as respects the alteration have effect as if it were an order confirmed under section 12 of the Companies Regulation and the provisions of sections 15 and 16 of that Regulation shall apply accordingly.

58. *Return of Deposit* —In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee, as the case may be shall apply to the Court for an order for the return of the Deposit made by the company under section 7 and the Court shall, on such application order a return of the Deposit subject to such terms and conditions as it shall direct.

59. *Notice of Policy Value.*—In the winding up of an insurance company for the purposes of a cash distribution of the assets and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company or other insurer to be entitled to or interested in the policies granted by the company or other insurer shall ascertain the value of the liability of the company or other insurer to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

60. *Power of Court to reduce contracts of insurance.*—(1) Where an insurance company is in liquidation or any other insurer is insolvent the Court may make an order reducing the amount of the insurance contracts of the company or other

insurer upon such terms and subject to such conditions as the Court thinks just

(2) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit in place of making a winding order reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(3) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, or by the Superintendent of Insurance and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

61. *Particulars to be filed by insurers established outside the State* —Every insurer, having his principal place of business or domicile outside the State, who establishes a place of business within the State or appoints a representative in the State with the object of obtaining insurance business, shall within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(*a*) a certified copy of the charter, statutes, deed or settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and if the instrument is not written in the English language, a certified translation thereof ;

(*b*) a list of the directors, if the insurer is a company ;

(*c*) the name and address of some one or more persons resident in the State authorised to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him ;

(*d*) the full address of the principal office of the insurer in the State.

62. *Books to be kept by insurers established outside the State.*— Every insurer having his principal place of business or domicile outside the State shall keep at his principal office in the State such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Regulation to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in the State to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

MISCELLANEOUS.

63. *Penalty for default in complying with or act in contravention of this Regulation.*—Except as otherwise provided in this Regulation, any insurer who makes default in complying with or acts in contravention of any requirement of this Regulation, and where the insurer is a company, any director, managing agent, manager or other officer of the company or where the insurer is a firm, any partner of the firm who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

64. *Penalty for transacting insurance business in contravention of section 3, 6 and 7.*—(1) Any insurer or any person acting on behalf of an insurer, who transacts any class of insurance business in contravention of any of the provisions of section 3, section 6, section 7, or does any one or more of the acts constituting the business of insurance in relation to any such class of insurance business shall be punishable with fine which may extend to two thousand rupees.

(2) Any person knowingly taking out a policy of insurance with any insurer or person guilty of an offence under sub-section (1) shall be punishable with fine which may extend to five hundred rupees

66. *Penalty for false statement of document.*—Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Regulation, wilfully makes a statement false in any material particular, knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

66. *Wrongfully obtaining or withholding property.*—Any director, managing agent, manager or other officer or employee of an insurer who wrongfully obtains possession of any property of the insurer or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or authorised by this Regulation shall, on the complaint of the insurer or any member or any policy-holder thereof be punishable with fine which may extend to one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully with-

held or wilfully misapplied and in default to suffer imprisonment for a period not exceeding two years.

67. *Wrongfully diminishing life insurance fund.*—If on the application of an insurer or any member of an insurance company or any policy-holder or the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Regulation the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer unless he proved that the contravention occurred without his consent or connivance and was not facilitated by any neglect or omission on his part; and the Court shall have all the powers which a Court has under sections 235 and 237 of the Companies Regulation and shall also have the power to assess the sum by which the amount of the life insurance fund has been diminished by reasons of the misfeasance and to order any person guilty thereof to contribute to that fund the whole or any part of that sum by way of compensation.

68. *Previous sanction of Government for institution of proceedings.*—Except where proceedings are instituted by the Superintendent of Insurance, no proceedings under this Regulation against an insurer or any director, manager or other officer of an insurer or any person who is liable under sub-section (2) of section 40 shall be instituted by any person unless he has previous thereto obtained the sanction of the Government in this behalf.

69. *Power of Court to grant relief*.—If in any proceedings, civil or criminal it appears to the Court hearing the case that a person is or may be liable in respect of negligence, default, breach of duty or breach of trust but that he has acted honestly and reasonably and that having regard to all the circumstances of the case he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him either wholly or partly from his liability on such terms as it may think fit.

70. *Cognizance of offence.*—No Court inferior to that of a magistrate of the first class shall try any offence under this Regulation.

71. *Appeals.*—(1) An appeal shall lie to the Court having jurisdiction from any of the following orders, namely:—

(*a*) an order under section 3 refusing to register, or cancelling the registration of, an insurer;

(*b*) an order under section 5 directing the insurer to change his name;

(*c*) an order under section 41 cancelling the licence issued to an agent;

(*d*) an order made in the course of the winding up or insolvency of an insurer.

(2) The Court having jurisdiction for the purpose of sub-section (1) shall be the principal Court of civil jurisdiction within whose local limit the principal place of business of the insurer concerned is situate.

(3) An appeal shall lie from any order made under sub-section (1) to the authority authorised to hear appeals from the decisions of the Court making the same and the decision on such appeal shall be final.

72. *Service of notice.*—(1) Any process or notice required to be served on an insurer shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorised to accept notices on behalf of the insurer and left at or sent by registered post to, the address of such person as registered with the Superintendent of Insurance.

(2) Any notice or other document which is by this Regulation required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy :

Provided that, where any person claiming to be interested in a policy as transferee, assignee or nominee has given to an insurer notice in writing of his interest, any notice which is by this Regulation required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

73. *Declaration of interim bonuses.*—Notwithstanding anything to the contrary contained in this Regulation an insurer carrying on the business of life insurance shall be at liberty to declare an interim bonus or bonuses to policy-holders whose policies mature for payment by reason of death or otherwise during the inter-valuation period on the recommendation of the investigating actuary made at the last proceeding valuation.

74. *Acquisition of surrender values by policy.*—(1) Where a definite number of premiums is payable a policy of life insurance on which all premiums have been paid for three consecutive years shall acquire a guaranteed surrender value and notwithstanding any contract to the contrary shall not lapse by reason of non-payment of further premium but shall notwithstanding such non-payment be kept alive to the extent of its paid up value.

Explanation.—For the purposes of this sub-section the paid up value of a policy shall be an amount bearing to the total sum assured by the policy the same proportion as the total of the

premiums already paid on the policy bears to the total of the premiums payable under the policy.

(2) A policy kept alive to the extent of its paid up value under sub-section (1) shall not participate in any profits of the insurer earned after the conversion of the policy into a paid up policy.

(3) This section shall not apply to:—

(*a*) policies in respect of which the sum assured is payable only on the happening of a contingency which may not arise, or

(*b*) where the paid up value will be less than one hundred rupees, or

(*c*) where the parties after the default has occurred in the payment of the premium agree in writing to some other arrangement, or

(*d*) to policies in which the surrender value is automatically applied under the terms of the contract to maintaining the policy in force after its lapse through non-payment of premium.

75. *Power of Government to make rules.*—(1) The Government may, subject to the condition of previous publication by notification in the Government Gazette, make rules to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the qualifications to be possessed by actuaries;

(*b*) the manner in which it shall be determind for the purposes of this Regulation what is insurance business transacted in the State;

(*c*) the procedure to be followed in dealing with deposits made in pursuance of this Regulation including the receipt or, custody of, withdrawal of, and payment of interest on such deposits, and their inspection and verification by the Superintendent of Insurance;

(*d*) the manner in which the prospectuses and tables referred to in sub-section (1) of section 40 shall be published and the form in which they shall be drawn up;

(*e*) the matters to be prescribed for the purposes of section 47;

(*f*) the manner in which the investment of assets of an insurer shall take place;

(*g*) restrictions on loans;

(*h*) the manner in which statements of assets shall be furnished.

76. *Alteration of forms.*—The Government may, on the application or with the consent of an insurer, not being a company,

alter the forms contained in the Schedule as respects that insurer, for the purpose of adapting them to the circumstances of that insurer:

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Regulation so far as it is possible for the insurer to do so.

77. *Power to exempt from certain requirements*:—The Government may, by notification in the Government Gazette, exempt any insurer constituted, incorporated or domiciled in India from the provisions of section 6 relating to deposits or from furnishing statements and documents prescribed by any section or from the provisions of any other section relating to the keeping of assets in the State under section 26 either absolutely or subject to such conditions or modifications as may be specified in the notification.

78. *Saving of provisions of Companies Regulation* — Nothing in the Regulation shall affect the liability of an insurer being a company to comply with the provisions of the Companies Regulation, in matters otherwise specifically provided for by this Regulation.

79. *Exemption.*—Nothing in this Regulation shall apply to:—

(*a*) any recognised fund in existence maintained by or on behalf of Government servants or Government pensioners for the mutual benefit of contributors to the fund and of their dependents or

(*b*) any society registered under the Jammu and Kashmir Co-operative Societies Regulation No. 6 of 1993.

80. *Policy forms to be deposited with the Superintendent of Insurance.*—Every insurer registered under this Regulation shall deposit and keep deposited with the Superintendent of Insurance copies of all standard forms of policy contracts issued by him in the State.

81. *Amendment of section 130, Transfer af Property Regulation.*—To the Exception to section 130 of the Transfer of Property Regulation, the following words and figures shall be added, namely:—

"or affects, the provisions of section 37 of the Insurance Regulation".

THE FIRST SCHEDULE.

(See section 11.)

Instructions and Forms for the preparation of Balance-Sheet.

PART I.

INSTRUCTIONS.

1. The balance-sheet required to be prepared in respect of every class of business carried on by an insurer is, in the form in which it is set out in Part II of this Schedule (Form A), appropriate to a case where the insurer maintains a separate fund in respect of life insurance business.

2. The balance sheet of life insurance business shall be prepared as a separate document. The balance-sheet of any class of business may be prepared as a separate document instead of being incorporated by the addition of columns and headings in the general balance-sheet, but the totals of each such separate balance-sheet (showing the total assets of the class of business the balance at the credit of the life insurance fund or other separate fund or account, the amount of share-holders' undivided profits, and outstanding liabilities) must in any case be incorporated in the general balance-sheet.

3. If any combined balance-sheet is for any purpose issued by an insurer, it shall be in accordance with the Form set out in this Shedule, and there shall not be included among the assets shown in any such combined balance-sheet any amount in respect of any holding in or advance to any insurer whose assets and liabilities have been incorporated therein. Every combined balance-sheet must show clearly on the face thereof that it is a combined balance-sheet and must set out fully the name of every insurer whose assets and liabilities have been incorporated therein; if the assets and liabilities of any person not being an insurer are included in a combined balance-sheet the fact must be stated thereon.

4. Where any guarantee has been given by an insurer (otherwise than in the ordinary course of re-insurance business) in respect of the policies of any other insurer, the balance-sheet of the insurer by whom the guarantee was given must show clearly the name of every insurer whose policies have been so guaranteed and the extent of the guarantee:

Provided that this Regulation shall not apply where a combined balance-sheet is issued incorporating the assets and liabilities of the insurer whose policies are guaranteed.

5. Where any part of the assets of an insurer is deposited in any place outside the State as security for the owners of policies issued in that place, the balance-sheet shall state that part of the assets has been so deposited, and, in any such part forms part of the life insurance fund, shall show the amount thereof and the place where it is deposited. Where any combined balance-sheet is issued by an insurer for any purpose, the information required by this Regulation shall be shown in the aggregate in respect of all the insurers whose assets and liabilities have been incorporated in the balance-sheet.

6. There shall be appended to the balance-sheet a statement in Form AA as set out in Part II of this Schedule showing the market value and the book value of the assets in the State.

7. Every balance-sheet shall contain the folowing certificates, namely :—

(*a*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet explaining how the values as shown in the balance-sheet of the Investments in Stocks and Shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown ;

(*b*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and signed also, so far as respects the value of any items shown in the balance-sheet under the heading of "Reservations and Life Interests" by an actuary, certifying that the values of all the assets have been reviewed as at the date of the balance-sheet, and that in their belief the assets set fourth in the balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings "Loans", "Reservations and Life Interests", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other Persons or Bodies carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

Provided that if the persons signing the certificate are unable to certify that the assets set fourth in the balance-sheet are so shown as aforesaid, a full explanation of the basis upon which the values

shown in the balance-sheet have been assessed shall be given in the certificate;

(*c*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and by the auditor certifying that no parts of the assets of the life insurance fund has been directly or indirectly applied in contravention of the provisions of this Insurance Regulation relating to the application and investment of life insurance funds; and

(*d*) certificates signed by the auditor (which shall be in addition to any other certificate or report which he is required by law to give with respect to the balance-sheet) certifying—

(*i*) that he has verified the cash balances and the securities relating to the insurer's loan, reversions and life interests, and investments;

(*ii*) to what extent, if any, he has verified the investments and transactions relating to trusts undertaken by the insurer as trustee; and

(*iii*) in the case of a combined balance-sheet, that he has audited the balance-sheet and accounts of every insurer whose assets and liabilities are incorporated therein, or that any such balance-sheet and accounts which have not been audited by him have been certified by independent auditors. The said certificate shall contain a reference to such reservations, if any, as may have been made by any auditor upon any report or certificate given by him with respect to the balance-sheet and accounts of any insurer whose assets and liabilities are incorporated in the combined balance-sheet.

8. If the values shown in the balance-sheet in respect of "Holdings in Subsidiary Companies" or "House property (*i*) in the State (*ii*) out of the State have been increased since the last previous balance-sheet, the certificate required by paragraph (*b*) of the last foregoing regulation shall state the amount of every increase not solely due to the cost of subsequent additions or, as respects holdings in controlled companies, to increased profits, and shall contain an explanation of the reason therefor.

9. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "combined balance-sheet" includes any combined statement made by an insurer of assets and liabilities

in the form of a balance-sheet which includes the assets and liabilities of any other insurer ; and

(*b*) "market value" means as respects any asset the market value thereof as ascertained from published market quotations, or, if there be no such value, its fair value as between a willing buyer and a willing seller.

PART II.

FORMS.

Form A.

Form of Balance-Sheet.

Balance-Sheet of 19 .

Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Shareholders Capital (each class to be stated separately)			*Loans* :			
Authorised :			On Mortgages of property within the State.			
.....Shares of Rs.....each Rs.			On Mortgages of property outside the State			
Subscribed :			On Security of Municipal and other public rates			
..... Shares of Rs.....each Rs.			On stocks and shares			
			On insurer's policies within their surrender value			
			On personal security .. .			

Called up :

.....Shares of Rs.....each Rs.

Less Unpaid calls Rs.

Reserve or Contingency Accounts (a) :

Investment Reserve Account ...

Profit and Loss Appropriation Account Balance .. .. ..

Balance of Funds and Accounts ;

Life Insurance Fund ... ..

Fire Insurance Business Account ..

Accident and Miscellaneous Insurance Business Account ... ..

Other Accounts, if any (to be specified)(*l*)

Pension or Superannuation Accounts (*b*)

Debenture Stock per cent. .. ...

Loans and Advances (*c*) .. ..

Bills Payable (*c*) .. ..

Estimated Liability in respect of outstanding claims, whether due or intimated (*d*) ... .

Annuities due and unpaid (*d*) ...

Outstanding dividends .. ..

To Subsidiary Companies (other than Reversionary) (*f*) ... ...

Reversions and Life Interests :

Reversions and Life Interests purchased ..

Loans on Reversions and Life Interests ..

Debentures and Debenture Stocks of Subsidiary Reversionary Companies (*f*)..

Ordinary stocks and shares of Subsidiary Reversionary Companies (*f*) ..

Loans to Subsidiary Reversionary Companies (*f*) ... .

Investments :

Deposit ... ...

Bonds, Debentures, Stocks and other Securities whereon interest is guaranteed by the Indian Government or a provincial Government .. .. ..

Approved securities .. ...

Debentures of any Railway in the State ..

Debentures of any Railway out of the State.

Holdings in Subsidiary Companies (*f*) ...

House property (*i*) in the State (*ii*) out of the State .. ..

Freehold and Leasehold ground rents and rent charges .. ..

* Assets and Liabilities, Shareholders' Capital and Revenues, not allocated to any class of business specified in column (1) must be shown in column (2).

Form A.—(*concluded*).

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Amounts due to other Persons or Bodies carrying on Insurance Business (*c*) ..			
Sundry Creditors (including outstanding and accruing expenses and taxes) (*c*).			
Other sums owing by the insurer (particulars to be given) (*c*)			
Contingent Liabilities (to be specified) (*e*). Rs.————			

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Agent's Balances			
Outstanding Premiums (*g*)			
Interest, Dividends and rents outstanding (*d*)			
Interest, Dividends and rents accruing but not due (*d*)			
Amounts due from other Persons or Bodies carrying on Insurance Business (*h*)			
Sundry Debtors (*i*)			
Bills receivable			
Cash :			
At Bankers on Deposit Account ..			
At Bankers on Current Account and in hand			
At call and Short notice (*j*)			
Other accounts (to be specified) (*k*) ..			

*Assets and Liabilities, Shareholders' Capital and Reserves, not allocated to any class of business specified in column (1) must be shown in column (2).

NOTES.—(*a*) The Reserves or Contingency Accounts must be separately stated.

(*b*) If the insurer has not full and unrestricted control of the assets constituting the Pension or Superannuation Accounts either those Accounts and the assets and liabilities relating thereto must be omitted from the balance-sheet or the assets of which the insurer has not such control must be clearly indicated on the face of the balance-sheet.

(*c*) If the insurer has deposited security as cover in respect of any of these items, the amount and nature of the securities so deposited must be clearly indicated on the face of the balance-sheet.

(*d*) These items are or have been included in the corresponding items in the Revenue or Profit and Loss Account. Outstanding and accruing interest, dividends and rents must be shown after deduction of income-tax must be provided for amongst the liabilities on the other side of the balance-sheet.

(*e*) Such items as amount of liability in respect of bills, discounted uncalled capital of subsidiary companies, uncalled capital of other investments, etc., must either be shown in their several categories under the heading "Contingent Liabilities" or the appropriate items on the assets side must be set out in such detail as will clearly indicate the amount of the uncalled capital.

(*f*) As respects life and annuity business full particulars of holdings in and loans to subsidiary companies must be stated, giving the name of each company, the number and description of each class of shares held, the amounts paid up thereon, and the value at which the holdings in each company stand in the balance-sheet.

(*g*) Either this item must be shown net or the commission must be provided for amongst the liabilities on the other side of the balance-sheet.

(*h*) The aggregate amount owing by a subsidiary company or subsidiary companies is to be shown separately from all other assets and the aggregate amount owing to a subsidiary company or subsidiary companies is to be shown separately from all other liabilities.

(*i*) Amounts due from directors and officers must be shown separately.

(*j*) No amounts must be entered under this heading unless fully secured. If not fully secured, the amounts must be included under the heading "Sundry Debtors".

(*k*) Under this heading must be included such items as the following, which must be shown under separate headings suitably described: office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future year's balance being Loss on Profit and Loss Appropriation Accounts, etc. The amounts included in the balance-sheet must not be in excess of cost.

(*l*) Under the head "Other accounts, if any (to be specified)" on the left hand side, fines realized from the staff and their contribution towards the provident fund, if any, should be shown under separate sub-heads.

FORM AA.

Classified Summary of the Assets of the.....Company on 19 .

Class of Asset.	Book value as per (*a*) below.	Market value as per (*b*) below.	Remarks as per (*c*) below.
	Rs.	Rs.	Rs.
(1) Approved Securities			
(2) Debentures			
(3) Shares and annuities			
(4) Loans on the Company's policies			
(5) Loans on Mortgage of property in India			
(6) Loans on personal security to persons domiciled and resident in the State			
(7) Other loans granted in the State			
(8) Land and House property in the State			
(9) Cash on deposit in Banks and treasury			
(10) Cash in hand and on current account in Banks.			
(11) Agent's balance and outstanding premiums			
(12) Interest, dividends and rents either outstanding or accrued but not due			
(13) Other assets in the State or outside			

The Statement shall show—

(*a*) the value for which credit is taken in the balance-sheet for each of the above mentioned classes of assets,

(*b*) the market value of such of the above-mentioned classes of assets as has been ascertained from published quotations after deduction of accrued interest included in market prices in those cases where accrued interest is included elsewhere in the balance-sheet,

(*c*) how the value of such of the above-mentioned classes of assets as has not been ascertained from published quotations has been arrived at, and

(*d*) the rates of exchange at which the values of the assets other than in rupee currency have been converted into rupees.

The market values need not be shown separately where they are not less than the book values and a certificate to that effect is appended to the statement.

No amounts on account of any of the following items may be entered in the statement—

Goodwill.

Preliminary, formation, organisation or development expenses.

Commission or discount on shares or debentures issued.

Commuted Commission.

Expenditure carried forward to be written off in future years.

THE SECOND SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Profit and Loss Accounts.

PART I.

INSTRUCTIONS.

1. The items on the income side of the Profit and Loss Appropriation Account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

2. Deductions from Interest, Dividends and Rents to be shown in respect of income-tax must include all amounts in respect of British Indian income-tax whether or not it has been or is to be deducted at source or paid direct.

3. The Interest, Dividends and Rents less income-tax thereon shown in the Revenue Accounts for any classes of business other than life insurance business, including annuity business may, if the insurer so desires, be included with the corresponding items in the Profit and Loss Account.

PART II.

FORMS.

FORM B.

Form of Profit and Loss Account.

Profit and Loss Account of for the year ended 19 .

	Rs. a. p.		Rs. a. p.
Taxes on the Insurer's Profits (not applicable to any particular Fund or Account) ...		Interest, Dividends and Rents (not applicable to any particular Fund or Account) Rs. Less-Income-tax thereon Rs.	

FORM B.—(*concluded*).

	Rs. a. p.		Rs. a. p.
Expenses of Management (not applicable to any particular Fund or Account)*...		Profit on realisation of investments (not credited to reserves or any particular Fund or Account) ...	
Loss on Realisation of Investments (not charged to reserves or any particular Fund or Account) ...		Appreciation of investments (not credited to reserves or any particular Fund or Account) ...	
Depreciation of investments (not charged to reserves or any particular Fund or Account) ...		Profit transferred from Revenue Accounts (details to be given).	
Loss transferred from Revenue Accounts (details to be given).		Transfer Fees ...	
Other Expenditure (to be specified) ...		Other income to be specified) ...	
Balance for the year carried to Appropriation Account ...		Balance being loss for the year carried to Appropriation Account) ...	

* If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount must be shown separately.

FORM C.

Form of Profit and Loss Appropriation Account.

Profit and Loss Appropriation Account of for the year ended 19 .

	Rs. a. p.		Rs. a. a.
Balance being loss brought forward from last year ...		Balance brought forward from last year Rs.	
Balance being loss for the year brought from Profit and Loss Account (as in Form B) ...		Less—Dividends since paid in respect of last year (to be specified and if "free of tax" to be so stated)* Rs.	
Dividends paid during the year on account of the current year (to be specified and if "free of tax" to be so stated)		Balance for the year brought from Profit and Loss Account (as in Form B) ...	
Transfers to any particular Funds or Accounts (details to be given) ...		Balance being loss at the end of the year as shown in the balance-sheet ...	
Balance at end of the year as shown in the balance-sheet ...			

*NOTE.—This item may be shown on the other side of the account if preferred.

THE THIRD SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Revenue Accounts.

PART I.

INSTRUCTIONS.

1 Form D is, as set out in Part II of this Schedule appropriate for life insurance business but a separate revenue account must be prepared for every class of business in respect of which the insurer is required to maintain a separate account.

2. Form F is, as set out in Part II of this Schedule appropriate for fire insurance business. A separate revenue account in the same form must be prepared for accident and miscellaneous insurance including workmen's compensation and motor car insurance.

3. If any combined revenue account is for any purpose issued by an insurer it must be in accordance with the forms specified in this Schedule and must clearly show on the face thereof that it is a combined revenue account and must set out fully the name of every insurer required to make separate returns under this Regulation whose revenue and expenditure have been included therein, if the revenue and expenditure of any person not being an insurer are included in a combined revenue accounts, the fact must be stated thereon.

4. The items on the income side of the revenue account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

5. Re-insurance premiums, whether on business ceded or accepted, are to be brought into account gross (*i. e.*, before deducting commissions) under the head of premiums.

6. As respects life insurance business the following statements shall be furnished to the Superintendent of Insurance every year showing details provided for in a form pertaining thereto :—

(*a*) A statement in form DD as set forth in Part II of this Schedule.

(*b*) A statement in form DDD as set forth in Part II of this Schedule.

(*c*) A statement in form DDDD as set forth in Part II of this Schedule.

7. The following information shall be supplied in addition to the revenue account, namely, the gross premium written in India for life, fire, and accident and miscellaneous insurance business.

8. Any office premises which form part of the assets of a life insurance fund must be treated as an interest earning investment, and accordingly, in the revenue account for life insurance business a fair rent for the premises must be included under the heading "Interest, Dividends and Rents" and in the revenue account for every class of business for which the premises are used proper charges for the use thereof must be included under the heading "Expenses of Management".

9. Where an insurer carries on the business of life insurance in conjunction with any other class of insurance business the expenses of management charged to the life insurance revenue account must not include more than a reasonable proportion of the common expenses and in particular, no such account must be charged with more than a fair sum for the use of any office premises having regard to the income from the various classes of business carried on and to the extent to which the premises are used for the purposes of each class of business.

10. Deductions from Interest, Dividends and Rents in respect of income-tax must include all income-tax charged on such income whether or not it has been or is to be deducted at source or paid direct.

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PART II.

FORMS.

FORM D.

Form of Revenue Account applicable to Life Insurance Business.

Revenue Account of for the year ended 19 .
in respect of Business.

	Business within the State.	Business out of the State.	Total.		Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Claims under policies (including provision for claims due or intimated) less Re-insurance —				Balance of Fund at the beginning of the year..			
By death ..				Premiums, Less Re-insurances—			
By maturity ..				(*i*) First year premiums.			
Annuities, less Re-insurances ..				(*ii*) Renewal premiums.			
Surrenders (including Surrenders of Bonus), less Re-insurances ..				(*iii*) Single premiums ..			
Bonuses in cash, less Re-insurances ..				Consideration for annuities granted, less Re-insurances (c) ..			
Bonuses in Reduction of premiums, less Re-insurances ..				Interest, Dividends and Rents Rs.			
Commission (less that on Re-insurances) —				Less-income-tax thereon Rs.			
Expenses of Management (*b*)— ..				Registration Fees ..			
1. Commission and allowances —				Other income (to be specified) —			
2. Salaries, etc. (other than to agents and those contained in item No. 1) ..				Loss transferred to Profit and Loss Account —			
3. Travelling expenses.				Transferred from Appropriation Account —			
4. Directors' fees ..							
5. Auditors' fees —							
6. Law charges —							

FORM D.—(*concluded*).

	Business within the State.	Business out of the State.	Total.	Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7. Advertisements ..						
8. Printing and Stationery ..						
9. Other expenses of management (accounts to be specified) ..						
10. Other payments (accounts to be specified) ..						
11. Rents for offices belonging to and occupied by the insurer ..						
12, Rents of other offices occupied by the insurer ..						
Bad debts ..						
Other expenditure (to be specified) ..						
Profit transferred to Prefit and Loss Account ..						
Balance of Fund at the end of the year as shown in the balance-sheet ..						

NOTES.—(*a*) In the case of an insurer having his Head Office in the State these columns apply only to business the premiums in respect of which are payable outside India

(*b*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately. Under this item the salary paid to the managing agent or managing director shall be shown separately from the total amount paid as salaries to the remaining staff.

(*c*) All single premiums for annuities, whether immediate or deferred, must be included under this heading.

(*d*) Under the head "Other Income" fines, if any, realised from the staff must be shown separately. All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the revenue account except such sums as properly appertain to the capital account

(*e*) In the case of an insurer having his principal place of business outside the State, the expenses of management for business out of the State and total business need not be split up to the several sub-heads, if they are not so split up in his own country.

FORM DD.

Classified statement of life insurance policies of the———Company. for the year ending———19 .

	New life insurance business in respect of which a premium has been paid in the year.				*Total life insurance business in forces at the end of the year.*		
	Number of policies.	Sums insured and annuities per annum. Rs.	Single premiums (including consideration for immediate annuities and all other premiums paid at the outset where no subsequent premium is payable. Rs	Yearly renewal premium income. Rs.	Number of policies.	Sums insured with bonuses and annuities per annum. Rs.	Premium income for which credit has been taken in the revenue account. Rs.
Ordinary Policies.							
In the State ..							
Out of the State ..							
Total ...							
Annuity contracts, etc							
In the State ..							
Out of the State ..							
Total ..							
Group Insurance Policies.							
In the State ..							
Out of the State ...							
Total ..							

The amount should be stated to the nearest rupees and after deduction of re-insurances.

FORM DDD.

***Additions** to and **deductions from policies of the Company for the year ending** 19 .*

	Ordinary life insurance policies insuring money to be paid on death or survivance.			*Annuities.*	
	No.	**Sum assured.**	**Reversionary bonus additions.**	**No.**	**Annuity per annum.**
		Rs.	**Rs.**		**Rs.**
(1) Policies at beginning of year —					
(2) New policies insured —					
(3) Old policies revived —					
(4) Old policies changed and increased —					
(5) Bonus additions allotted					
Total —					
Discontinued during year.					
(6) By death —					
(7) By survivance or the happening of the contingencies incured against other than death.					
(8) By expiry of term under temporary insurances ..					
(9) By surrender of policy —					
(10) By surrender of bonus —					
(11) By forfeiture or lapse —					
(12) By change and decrease					
(13) By being not taken up ..					
Total discontinued ..					
Total existing at end of year					

FORM DDDD.

Particulars of the policies forfeited or lapsed in the last financial year under review, less those revised and reinstated for full benefits, classified according to the year in which they were issued.

Financial year in which the policies were issued.	Number of policies forfeited or lapsed.	Sum insured under policies forfeited or lapsed.
Year ending 19 , being the year under review ...		
Year ending 19 , being the year previous to that under review ...		

And so on, the number of and sum insured under policies forfeited or lapsed in the last financial year under review being stated after classification according to each of the preceding years in which they were insured.

A separate statement must be given in respect of each class of life insurance business for which a separate revenue account is submitted.

Insurers having their principal place of business in the State shall give the information required in the form separately for business transacted in the State and business transacted outside and insurers having their principal place of business outside the State will furnish information regarding business transacted in the State.

FORM E.

Form of Revenue Account applicable to Fire Insurance Business and to Accident and Miscellaneous Insurance Business including Workmen's Compensation and Motor Car Insurance Business.

Revenue Account of 19 , in respect of Business. for the year ended

	Rs.		Rs.
Claims under Policies, less Re-insurances (*a*) (*d*):		Balance of Account at beginning of the year:	
Paid during the year Rs.		Reserve for unexpired Risks Rs.	
Total estimated liability in respect of outstanding claims at end of the year whether due or intimated Rs.		Additional Reserve (if any) Rs.	
Total ..		Premiums, less Re-insurances (*d*)	
Loss-outstanding at end of previous year (*b*) Rs.		Interest, Dividends and Rents Rs.	
		Less-income-tax thereon Rs.	
Commission			
Expenses of management (*c*) ..		Other Income (to be specified) (*e*) ..	
Bad debts		Loss transferred to Profit and Loss Account	
United Kingdom, Fereign and Dominion Taxes		ransferred from Appropriation Account	
Other Expenditure to be specified ..			
Profit transferred to Profit and Loss Account			
Balance of the Account at the end of the year as shown in the Balance-sheet :			
Reserve for unexpired Risks, being per cent. of premium income of year Rs.			
Additional Reserve(if any)Rs.			
Rs. ..		Rs. ..	

NOTES.—(*a*) This heading must include all expenses directly or indirectly incurred in settling claims.

(*b*) If in any year the claims actually paid and those still unpaid at the end of that year in respect of the previous year or years are in excess of the amount included in the previous year's Revenue Account as provision for outstanding claims, then the amount of such excess must be shown in the Revenue Account.

(*c*) If any sum has been deducted from this item and entered on the assets side balance-sheet the amount so deducted must be shown separately.

(*d*) Where the amount is furnished under the provisions of section 11 of the Insurance Regulation, separate figures for claims paid to claimants in the State and claimants outside the State and for premiums derived from business effected in the State and effected outside the State must be given.

(*e*) All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the Revenue account except such sums as properly appertain to the capital account.

THE FOURTH SCHEDULE.

(See Section 13)

Instructions for the preparation of Abstracts of Actuaries Reports and Requirements applicable to such Abstracts.

PART I.

INSTRUCTIONS.

1. Abstracts and Statements must be so arranged that the numbers and letter of the paragraphs correspond with those of the paragraphs of Part II of this Schedule.

2. In showing the proportion which that part of the annual premiums reserved as a provision for future, expenses and profits bears to the total of the annual premiums, in accordance with the requirements of paragraph 3 of Part II of this Schedule, no credit is to be taken for any adjustments made in order to secure that no policy is treated as an asset.

3. (1) The average rate of interest yielded in any year by the assets constituting a life insurance fund shall, for the purposes of paragraph 4 of Part II of this schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest credited to the life insurance fund during the year after deduction of income-tax charged thereon (any refund of income-tax in respect of expenses of management made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one-half of the amount of the life insurance fund at the beginning of the year to a sum equal to one-half of that fund at the end of the year, and deducting from the aggregate of those two sums an amount equal to one-half of the interest of the year.

(2) For the purposes of the calculation aforesaid either.—

(*a*) all profits and income arising during the year from sum invested in reversions shall be included in the interest credited to the life insurance fund during the year; or

(*b*) such portion of the life insurance fund as is invested in the purchase of reversions, and the profits and

income arising therefrom, shall be excluded from the calculation; but in that case a statement must be added to the information required under the said paragraph 4, showing in respect of the portion of the fund so excluded as aforesaid, the average rate of annual profit and income for which credit has been taken during the five years last preceding the valuation date, and explaining the manner in which the said average rate has been calculated.

(3) The information given in accordance with the requirements of the said paragraph 4 shall show clearly by which of the methods hereinbefore in this instruction mentioned the sums invested in reversions and the profits and income arising therefrom have been dealt with.

(4) Every abstract prepared in accordance with the requirements of Part II of this Schedule shall be signed by an actuary and shall contain a certificate by him to the effect that he has satisfied himself as to the accuracy of the valuations made for the purposes thereof and of the valuation data:

Provided that in the case of an abstract prepared on behalf of an insurance company, if the actuary who signs the abstract is not a permanent officer of the company, the certificate as to the accuracy of the valuation data shall be given and signed by the principal officer of the company and the actuary shall include in the abstract a statement signed by him showing what precautions he has taken to ensure the accuracy of the date.

5. For the purposes of this Schedule the following expressions have the meaning hereby respectively assigned to them, namely:—

"extra premium" means a charge for any risk not provided for in the minimum contract premium;

"inter-valuation period" means, as respects any valuation period; the period to the valuation date of that valuation from the valuation date of the last preceding valuation in connection with which an abstract was prepared under this Regulation or under the enactments repealed by this Regulation or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business;

"maturity date" means the fixed date on which any benefit will become payable either absolutely or contingently;

"net premiums" means as respects any valuation the premiums taken credit for in the valuation;

"premium term" means the period during which premiums are payable ;

"valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements applicable to an abstract in respect of Life Insurance Business.

The following tabular statements shall be annexed to every abstract prepared in accordance with the requirements of this Part of this Schedule, namely:—

(*a*) a Consolidated Revenue Account, in the Form G annexed to this Part of this Schedule, for the inter-valuation period (except that it shall not be necessary to prepare such an account in respect of any class of business so long as the insurer deposits annually with the Superintendent of Insurance an abstract in respect of that class of business) ; and

(*b*) a summary and valuation in the Eorm H annexed to this Part of this Schedule of the policies included at the voluation date in the class of business to which the abstract relates ; and

(*c*) a valuation Balance-Sheet in the Form I annexed to this Part of this Schedule ;

(*d*) a statement in Form DDD as set forth in Part II of the third Schedule of the additions to and deductions from the number of policies and the sums insured thereunder for each class of life insurance ; and

(*e*) a statement in Form DDDD as set forth in Part II of the third Schedule of particlars of policies forfeited or lapsed under each class of life insurance ;

and every such abstract shall show :

1. The valuation date.
2. The general principles and full details of the methods adopted in valuation of each of the various classes of insurances and annuities shown in the said Form H, including statements on the following points:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws or how otherwise ;

(*b*) the method by which the net premiums have been arrived at and how the ages at entry, premium

terms and maturity dates have been treated for the purpose of the valuation ;

(*c*) the methods by which the valuation age, period from the valuation date to the maturity date, and the future premium terms, have been treated for the purpose of the valuation ;

(*d*) the rate of bonus taken into account whereby the method of valuation definite provision is made for the maintenance of a specific rate of bonus ;

(*e*) the method of allowing for –

(*i*) the incidence of the premium income ; and

(*ii*) premiums payable otherwise than annually ;

(*f*) the methods by which provision has been made for following matters, namely :

(*i*) the immediate payment of claims ;

(*ii*) future expenses and profits in the case of limited payment and paid up policies ;

(*iii*) the reserve in respect of lapsed policies not included in the valuation, but under which a liability exists or may arise and whether any reserves have been made for the matters aforesaid ;

(*g*) whether under the valuation method adopted any policy would be treated as an asset, and if so, what steps, if any, have been taken to eliminate such asset ;

(*h*) a statement of the manner in which policies on under average lives and policies subject to premiums which include a charge for climatic, military or other extra risks have been dealt with ; and

(*i*) the rates of exchange at which liabilities in respect of policies issued in foreign currencies have been converted into rupees and what provision has been made for possible increase of liability arising from future variations in the rates of exchange.

3. The table of mortality used, and the rate of interest assumed, in the valuation.

4. The proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums separately specified in respect of insurances with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits.

5. The average rates of interest yielded by the assets whether invested or uninvested, constituting the life insurance fund for each of the years covered by the valuation date.

6. The basis adopted in the distribution of profits as between the insurer and policy-holders, and whether such basis

was determined by the instruments constituting the company, or by its regulations or bye-laws, or how otherwise.

7. The general principles adopted in the distribution of profits among policy-holders, including statements on the following points, namely:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws, or how otherwise;

(*b*) the number of years' premiums to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted;

(*c*) whether the bonus is allotted in respect of each year's premium paid, or in respect of each completed calendar year or year of assurance or how otherwise; and

(*d*) whether the bonus vests immediately on allocation or, if not, the conditions of vesting.

8. (1) The total amount of profits arising during the inter-valuation period, including profits paid away and sums transferred to reserve funds or other accounts during that period, and the amount brought forward from the preceding valuation (to be stated separately) and the allocation of such profits.—

(*a*) to interim bonus paid;

(*b*) among policy-holders with immediate participation, giving the number of the policies which participated and the sum assured thereunder (excluding bonuses);

(*c*) among policy holders with deferred participation. giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*d*) among policy-holders in the discounted bonus class, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*e*) to the insurer or, in the case of an insurance company, among shareholders or to shareholders' accounts (any such sums passed through the accounts during the inter-valuation period to be separately stated;

(*f*) as carried forward unappropriated.

2. Specimens of bonuses allotted as at the valuation date to policies for one thousand rupees.—

(*a*) for the whole term of life effected at the respective ages of 20, 30 and 40 and having been in force respectively for five years, ten years and upwards at intervals of ten years; and

(*b*) for endowment insurances effected at the respective ages of 20, 30 and 40, for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years;

together with the amounts apportioned under the various manners in which the bonus is receivable.

9. A statement in Form J annexed to this Part of this Sechedule of specimen policy reserve values held or required to be held according to the methods adopted in the valuation, and specimen minimum surrender values in respect of whole life insurance policies for Rs. 1,000 with premiums payable throughout life effected at the respective ages of 20, 30, 40 and 50, and immediately on payment of the first, second, third, fourth, sixth, seventh, eighth, ninth, tenth, fifteenth and twentieth annual premium; with similar specimen policy reserve values and specimen surrender values in respect of whole life insurance policies subject to premiums payable for 20 years and of endowment insurance policies maturing at age 55.

10. A statement showing how the liability under any disability clause in a policy has been determined in the valuation with full information of the tables of sickness or accident used for the purpose.

———

FORM G.

Consolidated Revenue Account of for *years commencing and ending* 19 .

	Business within the State.	Total.		Business within the State.	Total.
	Rs.	Rs.		Rs.	Rs.
Claims under Policies (including provision for claims due or intimated) less Re-insurances—			Balance of life insurance fund at the beginning of the period ..		
By death			Premiums, less Re-insurances ..		
By maturity			Consideration for Annuities granted, less Re-insurances (*b*) ..		
Annuities, less Re-insurances ..			Interest, Dividends and Rents, Rs		
Surrenders (including Surrenders of bonuses), less Re-insurances ..			Less Income-tax thereon (*c*) Rs.		
Bonuses in cash, less Re-insurances			Registration Fees ..		
Bonuses in reduction of premiums, less Re-insurances ..			Other income (to be specified) ..		
Commission (less that on Re-insurances)			Loss transferred to Profit and Loss Account ..		
Expenses of Management (*a*) ..			Transferred from Appropriation Account ..		
Agents' and Canvassers' allowance ..					
Salaries, etc. (other than to Agents and Canvassers)					
Travelling expenses					
Directors' fees					
Auditors' fees					
Medical fees					
Law charges					
Advertising					
Printing and Stationery ..					
Other expenses of Management (accounts to be specified) ..					
Other payments (accounts to be specified)					
Rents for offices belonging to and occupied by the company ..					

FORM G—(*concluded*).

	Business within the State.	Total.	Business within the State.	Total.
Rents of other offices occupied by the company				
Bad debts ..				
Other expenditure (to be specified) ..				
Profit transferred to Profit and Loss Account				
Balance of life insurance fund at end of the period as shown in the balance-sheet				
		Rs. ..		Rs. ..

NOTE.—(*a*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately.

(*b*) All single premiums for annuities whether immediate or deferred, must be included under this heading.

(*c*) Foreign income-tax on Interest, Dividends and Rents must be shown under this heading, less any rebates of income-tax recovered from the revenue authorities in respect of expenses of management.

(*d*) In the case of an insurer having his principal place of business outside the State the expenses of management for the total business need not be split up into the several sub-heads, if they are not so split up in his own country.

FORM H.

Summary and Valuation of the Policies of *as at* *19* .

Description of Transactions.	Particulars of the Policies for valuation.					Valuation.	
	No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
DIVISION I.									
INSURANCES.									
Group A.—									
With immediate participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra premiums									
Total insurances									
Deduct-Re-Insurances									
Net Insurances									
Group B.—									
With deferred participation in profits ..									
For whole term of life									
Other classes (to be specified)									
Extra Premiums									
Total Insurances									
Deduct-Re-Insurances									
Net Insurances									
Group C.—									
Under discounted bonus systems ..									
For whole term of life									
Other classes (to be specified)									

FORM H.—(*continued*).

Description of Transactions.	*Particulars of the Policies for valuation*						*Valuation.*
	No. of Policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Extra premiums									
Total Insurances									
Deduct-Re-Insurances									
Net Insurances									
Total Insurances with profits									
Group D.—									
Without participation in profits ..									
For whole term of life ..									
Other classes (to be specified) ..									
Extra premiums									
Total insurances									
Deduct-Re-insurances									
Net Insurances									
Total Insurances without profits ..									
Total of the Insurances shown in all groups									
Deduct-Re-Insurances									
Net Amount of Insurances									
Adjustments, if any (to be separately specified)									

DIVISION II.

ANNUITIES ON LIVES.

Immediate Annuities ..									
Deferred Annuities with return of premiums									
,, ,, without ,, ,, ,,									

FORM H.—(*concluded*).

Description of Transactions.		*Particulars of the Policies for valuation.*					*Valuation.*			
		No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Other classes (to be specified)										
Total Annuities	—									
Deduct-Re-insurances	..									
Net Annuities on Lives	—									
Total of the results (after deductions of Re-insurances)	..	—								

NOTES.—1. Items in this Summary are to be stated to the nearest rupee.

2. No policy of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, is to be included in Group A, B, C, or D, of this Form: any such policies must be shown in a separate Group which must be added to the Form.

3. If policies without participation in profits but with a guaranteed rate of bonus are issued they must be separately specified in Group D of this Form.

4. Policies under which there is a waiver of premiums during disability must be shown as a separate class.

5. Separate forms must be prepared in respect of classes of policies valued by different tables of mortality or at different rates of interest or involving the valuation of net premiums on different bases.

6. In cases where separate valuations of any portion of the business are required under local laws in places outside British India and reserves based on such valuations are deposited in such places, a statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place with a statement as to such bases respectively.

7. Office and net premiums and the values thereof must be shown after deductions of abatements made by the application of bonus.

FORM I.

Valuation Balance-Sheet of *as at* *19* .

	Rs.		Rs.
Net liability under business as shown in the summary and valuation of policies.		Balance of Life Insurance Fund as shown in the Balance-sheet ...	
Surplus, if any ...		Deficiency, if any ...	

NOTE. If the proportion of surplus allocated to the insurer, or in the case of an insurance company to share-holders, is not uniform in respect of all classes of insurances, the surplus must be shown separately for the classes to which the different proportions relate.

FORM J.

Specimen policy reserve values and minimum surrender values under a **policy for Rs. 1,000.**

Serial No.	Number of premiums paid.	AGE AT ENTRY 20.		AGE AT ENTRY 30.		AGE AT ENTRY 40.		AGE AT ENTRY 50.	
		Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.
*									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
15									
20									

NOTE.—Items in this Form to be stated to the nearest rupee.

FIFTH SCHEDULE.

(See Section 13)

Instructions for preparing statements of business in force and requirements applicable to such statements.

PART I.

INSTRUCTIONS.

1. Statements prepared under this Schedule must be prepared, so far as practicable, in tabular form and must be identified by numbers and letter corresponding with those of the paragraphs of Part II of this Schedule.

2. Except with respect to rates of premiums or contribution, items in statements prepared under this Schedule are to be shown to the nearest rupee.

3. Extra premium shown in the forms of Summary and Valuation prepared under the fourth Schedule to this Regulation must not be included in statements prepared under this Schedule.

4. Every statement prepared under this Schedule shall be signed by the actuary making the investigation in connection with which it is prepared.

5. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "annual loading" means the provision made for future expenses and profits;

(*b*) "extra premiums" means a charge for any risk not provided for in the minimum oontract premium ;

(*c*) "net premiums" means the premiums taken credit for in the valuation in connection with which any statement is prepared ; and

(*d*) "valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

REQUIREMENTS FOR STATEMENTS APPLICABLE TO LIFE INSURANCE BUSINESS.

The statements required to be prepared under this Part of this Schedule are as follows, namely :—

1. Statements, separately prepared in respect of policies with

and without participation in profits, showing :—

(*a*) as respects policies for the whole term of life, the rates of office premiums charged, in accordance with the published tables in use, for new policies giving the rates for decennial ages at entry from 20 to 70 inclusive ; and

(*b*) as respects endowment insurance policies, the rates of office premiums charged, in accordance with the published tables in use for new policies with original terms of ten, fifteen, twenty, thirty and forty years, giving the rates for decennial ages at entry from 20 to 40 inclusive, but excluding policies under which the age at maturity exceeds 60.

2. Statements, separately prepared in respect of policies with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits, showing in quinquennial groups—

(*a*) as respects policies for the whole term of life—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped according to ages attained ;

(*ii*) the amunt per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life, and of the corresponding net premiums, grouped according to ages attained ; and

(*iii*) the amount per annum, after deducting abatements made by application of bonus of office premiums payable for a limited number of years, and either the corresponding net premiums grouped in accordance with the grouping adopted for the purposes of the valuation, or, the annual loading reserved for the remaining duration of the policies, grouped according to ages attained ;

(*b*) as respects endowment insurance policies—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately) grouped in accordance with the grouping adopted for the purposes of the valuation :

Provided that—

(*a*) as respects endowment insurance policies which will reach maturity in less than five years, the information required by sub-paragraph (*b*) (*i*) of this paragraph must be given for each year instead of in quinquennial groups ; and

(*b*) where the office premiums payable under policies for the whole term of life for a limited number of years, or the office premiums payable under endowment insurance policies, or the corresponding net premiums are grouped for the purposes of the valuation otherwise than according to the number of years payments remaining to be made or where the sums assured under endowment insurance policies are grouped for the purposes of the valuation otherwise than according to the years in which the policies will mature for payment or in which they are assessed to mature if earlier than the true year, then in any such case the valuation constants and an explanation of the method by which they are calculated must be given for each group, and in the case of the sums assured under endowment insurance policies a statement must also be given of the amount assured maturing for payment in each of the two years following the valuation date;

(*ii*) the amouut per annum, after deducting abatements made by application of bonuses of office premium payable and of the corresponding net premium grouped in accordance with the grouping adopted for the purposes of the valuation

3. Statements as respects any policies in force under which premiums cease to be payable, whether permanently or temporarily during disability arising from sickness or accident, showing the total amount of the office premiums payable.

4. Statements as respects immediate annuities on single lives for the whole term of life, separately prepared in respect of annuities on male and female lives, showing in quinquennial age groups the total amount of such annuities.

5. Statements as respects deferred annuities, separately prepared in respect of annuities on male and female lives, showing the specimen reserve values for annuities of one hundred rupees which will be produced on maturity on the basis of valuation adopted at ages, in the case of male lives, 60 and 65, and in the case of female lives, 55 and 60; the said statements must show the specimen reserve values which will be produced under the table of annual premiums in use for new policies, and if under any other table of annual premiums in use for any other deferred annuity policies in force smaller reserve values will be pro-

duced, the like specimens of these must also be given.

6. Statements as respects any policies of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, showing the total claims paid since the date as at which the last statements were prepared under this Part of this Schedule or, where no such statements have been prepared since the date on which the insurer began to carry on the class of business to which the statements relate, and the reserve for unexpired risks and outstanding claims.

THE SIXTH SCHEDULE.

(See section 55)

Rule as to the valuation of the Liabilities of an Insurer in Insolvency or Liquidation.

The liabilities of an insurer in respect of current contracts effected in the course of life insurance business including annuity business, shall be calculated by the method and upon the basis to be determined by an actuary approved by the Court, and the actuary so approved shall, in determining as aforesaid, take into account :

(*a*) the purpose for which such valuation is to be made;

(*b*) the rate of interest and the rates of mortality and sickness to be used in valuation ; and

(*c*) any special directions which may be given by the Court.

The liabilities of an insurer in respect of current policies other than life policies shall be such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid.

CERTIFICATE.

The above Regulation was passed by the Jammu and Kashmir Praja Sabha on 18th April 1939 corresponding to 6th Baisakh 1996 and received the assent of His Highness the Maharaja Bahadur on 8th August 1939 corresponding to 24th Sawan 1996.

(Sd.) HIRANAND RAINA,

Secretary to Government, Praja Sabha Department.

HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

REGULATION No. XV OF 1996.

—:o:—

A Regulation to provide for the regulation of the Business of Insurance.

—:o:—

JAMMU:

Printed at The Ranbir Government Press—11-7-96—600.

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HIS HIGHNESS' GOVERNMENT, JAMMU AND KASHMIR.

PRAJA SABHA SECRETARIAT.

REGULATION No. XV OF 1996.

A Regulation to provide for the regulation of the Business of Insurance.

WHEREAS it is expedient to provide for the regulation of the Business of Insurance, it is hereby enacted as follows :—

PART I.

PRELIMINARY.

1. *Short title, extent and commencement.*—(1) This Regulation may be called the Jammu and Kashmir Insurance Regulation, 1996.

(2) It extends to the whole of Jammu and Kashmir State.

(3) It shall come into force on such date as the Government may by notification in the Government Gazette, appoint in this behalf.

2. *Definitions.*—In this Regulation unless there is anything repugnant in the subject or context :—

(1) "actuary" means an actuary possessing such qualifications as may be prescribed ;

(2) "Policy-holder" means the person who for the time being is a legal holder of the policy and includes the person who is the absolute assignee of the benefits under the policy ;

(3) "approved securities" means securities for money issued under the authority of any Act of a Legislature established in British India and include dabentures or other securities issued under the authority of His Highness' Government in this behalf ;

(4) "auditor" means a person qualified under the provisions of section 144 of the Companies Regulation, to act as an auditor of companies ;

(5) "certified" in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified by a principal officer of the insurer to be a true copy or a correct translation, as the case may be ;

(6) "Court" means the principal civil court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction ;

(7) "Prescribed" means prescribed by rules made under this Regulation ;

(8) "insurance company" means any insurer being a company, association or partnership which may be wound up under the Companies Regulation or to which the Partnership Regulation applies ;

(9) "insurer" means—

(*a*) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than the State carrying on insurance business which—

(*i*) carries on that business within the State or

(*ii*) has his or its principal place of business within the State ;

(*iii*) with the object of obtaining insurance business, employs a representative, or maintains a place of business in the State ;

(*b*) any body corporate carrying on the business of insurance, which is a body corporate incorporated under any law for the time being in fore in the State, or stands to any such body corporate in the relation of a subsidiary company within the meaning of the Companies Regulation as defined by sub-section (2) of section 2 of that Regulation ;

(10) "insurance agent" means an insurance agent licensed under section 41 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business ;

(11) "life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life and, if so provided in the contract of insurance, disability and double indemnity accident benefits ;

(12) "manager" and "officer" have the meanings assigned to those expressions in clauses (9) and (11) respectively of section 2 of the Companies Regulation ;

(13) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise

provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called ;

Explanation.—If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of section 31 of this Regulation ;

(14) " Superintendent of Insurance " means the officer appointed by the Government to perform the duties of the Superintendent of Insurance under this Regulation ;

(15) " State " means the Jammu and Kashmir State.

PART II.

Provisions Applicable to Insurers.

3. *Registration*.—(1) No insurer shall, after the commencement of this Regulation begin to carry on any class of insurance business within the State and no insurer carrying on any class of insurance business in the State shall, after the expiry of one year from the commencement of this Regulation continue to carry on any such business, unless he has obtained from the Superintendent of Insurance a certificate of registration.

(2) Every application for registration shall be accompanied by—

(*a*) a certified copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Companies Regulation or, in the case of any other insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2, a certified copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business outside the State, the document specified in clause (*a*) of section 60 ;

(*b*) the name, address and the occupation, if any, of the directors where the insurer is a company incorporated under the Companies Regulation, and in the case of an insurer specified in sub-clause (*a*) (*ii*) of clause (9) of section 2 the names and addresses of the proprietors and of the manager in the State and in any other case the full address of the principal office of the insurer and the names of the directors and the manager at such office and the name and address of some one or more persons resident in the State authorised to accept any notice required to be served on the insurer ;

(*c*) a statement of the class or classes of insurance business done or to be done, and a statement that the amount required to be deposited by section 7 before application for registration is made has been deposited together with a certificate from the Government treasury showing the amount deposited;

(*d*) in the case of an insurer having his principal place of business outside British India a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country;

(*e*) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound;

Provided that in the case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statements shall be complied with, only so far as prospectus, forms and statements may be available; and

(*f*) the prescribed fee for registration being not more than one hundred rupees for such class of business.

(3) In the ease of any insurer having his principal place of business or domicile outside British India the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satistied that in the country in which such insurer has his principal place of business or domicile Indian nationals are debarred by the law or practice of the country relating to, or applied to, insurance from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 61 and section 62 is not satisfied.

(4) In the case of any insurer the Superintendent of Insurance shall cancel a registration already made if the insurer fails to comply with the provisions of section 7 as to deposits.

(5) When the Superintendent of Insurance withholds or cancels any registration under sub-section (3) or sub-section (4) he shall give notice in writing to the insurer of his decision and

the decision shall take effect on such date as he may specify in that behalf in the notice, such date not being less than one month nor more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Regulation applicable to him, grant the insurer a certificate of registration.

4. *Minimum limit for annuities and other benefits secured by policies of life insurance.*—(1) No insurer shall pay or undertake to pay on any policy of life insurance issued after the commencement of this Regulation an annuity of twenty-five rupees or less or a gross sum of rupees two hundred and fifty or less exclusive of any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount.

(2) Nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.

5. *Restriction on name of insurer.*—(1) An insurer shall not be registered by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies his consent to the Superintendent of Insurance.

(2) If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first-mentioned insurer shall, if called upon to do so by the Superintendent of Insurance on the application of the second-mentioned insurer, change his name within a time to be fixed by the Superintendent of Insurance.

6. *Requirements as to capital.*—No insurer shall be registered unless he has as working capital a net sum of not less than twenty-five thousand rupees exclusive of the deposit to be made before registration under this Regulation.

7. *Deposits.*—(1) Every insurer shall, in respect of the insurance business carried on by him in the State deposit and keep deposited with the Government cash or approved securities, estimated at the market value of the securities on the day of

deposit, of the amount hereafter specified, namely :—

(*a*) Where the business done or to be done is life insurance only, fifty thousand rupees ;

(*b*) where the business done or to be done is fire insurance only, thirty thousand rupees ;

(*c*) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, thirty thousand rupees ;

(*d*) where the business done or to be done includes life insurance and any one or both of the two classes specified in clauses (*b*) and (*c*), one lac rupees of which fifty thousand rupees shall be deposited for life insurance business ;

(*e*) where the business done or to be done does not include life insurance but includes all classes specified in clauses (*b*) and (*c*), sixty thousand rupees.

(2) The deposit may be made by an insurer in instalments of not less than one-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in the State, and the balance before the expiry of three years from the commencement of business in the State :

Provided that in the case of any insurer not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 and not being an insurer incorporated in or domiciled in the United Kingdom or India, the deposit shall be made in full before the application for registration is made.

(3) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) or sub-section (2) shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business or so much thereof as under the provisions of this section is to be made before the application for registration, has also been made in full.

(4) If any part of a deposit made under this section is used in the discharge of any liability of the insurer the insurer shall deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied within a period of two months from the date when the deposit or any part thereof si so used for discharge of liabilities.

8. *Reservation of deposits.*—(1) Any deposit made under section 7 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge ; nor shall it be available for the discharge of any liability of the insurer other than, liabilities arising out of policies of insurance issued by the insurer so long as any such liabilities remain undischarged ; nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt the policy-holder has failed to realise in any other way.

(2) Where a deposit is made in respect of life insurance business the deposit made in respect thereof shall not be available for the discharge of any liability of the insurer other than liabilities arising out of policies of life insurance issued by the insurer.

9. *Refund of deposits.*—Where an insurer has ceased to carry on in the State any class of insurance business in respect of which a deposit has been made under section 7 and his liabilities in the State in respect of business of that class have been satisfied or are otherwise provided for, the Court may, on the application of the insurer, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

10. *Separation of accounts and funds.*—(1) Where the insurer carries on business of more than one of the classes specified in sub-section (1) of section 7, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(2) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund

(3) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly save as provided in section 48 for any purposes other than those of life insurance.

11. *Accounts and balance-sheet.*—(1) Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance

business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State, shall at the expiration of each calendar year prepare with reference to that year—

(*a*) in accordance with the instructions contained in Part I of the first Schedule a balance-sheet in the form set forth in Part II of that Schedule;

(*b*) in accordance with the instructions contained in Part I of the second Schedule a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in sub-eection (1) of section 7 and no other business;

(*c*) in respect of each class of insurance business carried on by him in accordance with the instructions contained in Part I of the third Schedule, a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(2) Unless the insurer is a company to which the Companies Regulation applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company, by the chairman, if any, and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

12. *Audit*.—The balance-sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him, shall, unless they are subject to audit under the Companies Regulation in the State be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 145 of the Companies Regulation.

13. *Actuarial report and abstract*.—(1) Every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in the State, and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*)

of clause (9) of section 2 in respect of all life insurance business transacted by him, once at least in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the instructions contained in Part I of the fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the fifth Schedule, and prepared in accordance with the instructions contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract:

Provided that if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Regulation.

14. *Register of policies and register of claims.*—Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of sub-clause (9) of section 2 in respect of all business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in the State shall maintain—

(*a*) a register or record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policy-holder, the date when the policy was effected and a record of any

transfer, assignment or nomination of which the insurer has notice, and

(*b*) a register or record of claims, in which shall be entered every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds therefor.

15. *Submissions of returns.*—(1) The audited accounts and statements referred to in section 11 and the abstract and statement referred to in section 13 shall be printed, and four certified copies thereof shall be furnished as returns to the Superintendent of Insurance within six months from the end of the period to which they refer. The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 13 by a period not exceeding three months :

Provided that the said period of six months shall in the case of insurers having their principal place of business or domicile outside the State and in the case of insurers constituted, incorporated in the State but also carrying on business outside the State be extended by three months, and provided further that the Government may in any case extend the time allowed by this sub-section for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four certified copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officers of the company and, if the company has a managing director or managing agent, by that director or managing agent, in the case of a firm, by two partners of the firm, and, in the case of an insurer being an individual, by the insurer himself.

(3) Where the insurer's principal place of business or domicile is outside the State he shall forward to the Superintendent of Insurance, along with the documents referred to in section 11, the balance-sheet, profit and loss account and valuation statements, if any, which the insurer is required to file with the public authority of the country in which the insurer is constituted, incorporated or domiciled, or where such documents are not required to be filed, a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

16. *Exemption from certain provisions of the Regulation.*—Where an insurer, being a company incorporated under the Companies Regulation in any year furnished his accounts and balance-sheet in accordance with the provisions of the foregoing section 15, he may at the same time send to the Registrar of the

Companies a certified copy of such accounts and balance-sheet ; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that Regulation and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

17. *Furnishing reports.*—Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

18. *Abstract of proceedings of general meetings.*—Every insurer being a company or body incorporated under any law for the time being in force in the State shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates.

19. *Custody and inspection of documents and supply of copies.*—(1) Fvery return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection ; and any person may procure a copy of any such return, or of any part thereof on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied, any five figures being deemed equivalent to one word.

(2) A printed or certified copy of the accounts, statements and abstract furnished in accordance with the provisions of section 15 shall, on the application of any share-holder or policy-holder made at any time withtin two years from the date on which the document was so furnished, be supplied to him by the insurer within fourteen days when the insurer is constituted, incorporated or domiciled in the State and in any other case with in one month of such application.

(3) A copy of the memorandum and articles of association of the insurer if a company shall on the application of any policy-holder be supplied to him by the insurer on payment of one rupee.

20. *Powers of Superintendent of Insurance regarding returns.*—(1) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this Regulation is inaccurate or defective in any respect, he may—

(*a*) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return ;

(*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in the

ment or to supply any statement which he may specify in a notice served on the insurer for the purpose ;

(*c*) examine any officer of the insurer on oath in relation to the return ;

(*d*) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which the requisition asking for correction of the inaccuracy or supply of the deficiency was delivered to the insurer and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 15 relating to the furnishing of returns.

(2) The Court may on the application of an insurer and after hearing the Superintendent cancel any order made by the Superintendent under clause (*a*) (*b*) or (*c*) of sub-section (1) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

21. *Power of Superintendent of Insurance to order revaluation.*—If it appears to the Superintendent of Insurance that an investigation or valuation to which section 13 refers dces not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may, after giving notice to the insurer and giving him an opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by the insurer for this purpose and approved by the Superintendent of Insurance.

22. *Evidence of documents.*- (1) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(2) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a return so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

23. *Summary of returns to be published.*—The Government shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Regulation or purporting to be under this Regulation which have been furnished to the Superintendent of Insurance for the year preceding the year of publication and may append to such summary any note of the Government and any correspondence in relation thereto.

24. *Returns to be published in statutory forms.*—No insurer shall publish in the State any return in a form other than that in which it has been furnished to the Superintendent of Insurance :

Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity.

25. *Alterations in the particulars furnished with application for registration to be reported.*—Whenever any alteration occurs or is made which affect any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer shall forthwith furnish to the Superintendent of Insurance full particulars of such alteration.

26. (1) Every insurer registered, incorporated or domiciled in the State shall subject to the provisions of sub-section (2), at all times invest and hold invested assets equivalent to not less than 55 per cent. of the sum of the amount of his liabilities to holders of life insurance on account of matured claims and the amount required to meet the liability on policies of life insurance maturing for payment in the State, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance in approved securities;

Provided that an insurer, not being an insurer defined in sub-clause (*b*) of clause (9) of section 2, shall invest 68 per cent. of the sum instead of 55 per cent. in approved securities.

(2) An insurer carrying on business at the commencement of this Regulation to whom sub-section (1) applies shall before the expiry of four years from the commencement of this Regulation invest the total amount required to be invested by that sub-section in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (1) before the expiry of one year; not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Regulation.

(3) Every insurer, not being an insurer specified in sub-clause (*b*) of clause (9) of section 2, shall by a trust-deed appoint a trustee in the State for the sum to be invested under clauses (1) and (2). The said trustee shall be a subject of the State and such trust-deed shall be executed in favour of the Jammu and Kashmir Government and shall be registered in accordance with the provisions of the Registration Regulation, 1977. The trust-deed shall specify the manner in which sums may be invested.

27. *Statement of investments of assets.*—(1) Every insurer registered under this Regulation carrying on the business of life insurance, shall twice in every year, namely, within fourteen days of the 30th day of June and within fourteen days of the 31st day of December, submit to the Superintendent of Insurance a statement showing as at the said dates the assets held invested in the manner prescribed and such statement shall be certified by the principal officer of the insurer.

(2) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets held invested and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

28. *Prohibition of loans* — No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security or otherwise, except loans on life policies issued by him within their surrender value, to any director, manager, managing agent, actuary, auditor or officer of the insurer if a company, or where the insurer is a firm to any partner therein, or to any other company or firm in which any such director, manager, managing agent, actuary, officer or partner holds the position of a director, manager, managing agent. actuary, officer or partner :

Provided that nothing herein contained shall apply to loans made by an insurer to a banking company :

Provided further that every existing loan to any director, manager, managing agent, auditor, actuary, officer or partner, notwithstanding any contract to the contrary, shall be repaid within one year from the commencement of this Regulation, and in case of default, such defaulting director, manager, managing agent, auditor, actuary, officer or partner shall cease to hold office on the expiry of one year from the commencement of this Regulation :

Provided further that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company.

29. *Liability of directars etc., for loss due to contravention of section 27.*—If by reason of a contravention of any of the provisions of section 27, any loss is sustained by the insurer or by the policy-holders, every director, manager, managing agent, officer or partner who is knowingly a party to such contravention shall without prejudice to any other penalty to which he may be liable under this Regulation, be jointly and severally liable to make good the amount of such loss.

30. *Assets of insurer how to be kept.*—None of the assets in the State of any insurer shall, except in the case of deposits made with the Government under section 7 be kept otherwise than in the corporate name of the undertaking, if a company, or in the names of the partners, if a firm or in the name of the proprietor, if an individual.

31. *Limitation on employment of managing agents and on the remuneration payable to them.*—(1) No insurer shall after the commencement of this Regulation appoint a managing agent for the conduct of his business.

INSPECTION.

32. *Power of Superintendent of Insurance to order inspection.*—(1) If the Superintendent of Insurance has reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this Regulation or that an offence under this Regulation has been or is likely to be committed by an insurer or any officer of an insurer or if he receives a requisition in this behalf signed by share-holders of an insurer being a company less in number than one-tenth of the whole body of share-holders and holding not less than one-tenth of the whole share capital or if he receives a requisition in this behalf signed by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees and supported by an affidavit, he may, after giving notice to the insurer and giving him an opportunity to be heard, appoint, an auditor, or actuary or both, not being an auditor or actuary in the employ of the insurer, to investigate the affairs of the insurer or may himself make such investigation.

(2) The Court may, on the application of an insurer and after giving notice to and hearing the Superintendent of Insurance forbid such action by the Superintendent, if the insurer satisfies the Court that it is unnecessary in the circumstances.

(3) The results of any investigation made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer; and a copy of such report shall be furnished to the policy-holders who have sent a requisition for such an investigation.

(4) The Superintendent of Insurance may require the insurer to comply within a time to be specified by him (not being less than fifteen days from the receipt of the notice by the insurer)

with any directions he may issue to remedy defects disclosed by such inspection.

(5) If, as a result of any investigation made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policy-holders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued under sub-section (4), the Superintendent may, after giving notice to the insurer and giving him an opportunity to be heard apply to the Court to have the business of the insurer wound up.

33. *Powers of investigator*.---When any investigation is made in pursuance of section 32 the provisions of section 140 of the Companies Regulation shall apply for the purpose of such investigation as they apply to an investigation made in pursuance of section 138 of that Regulation and all expenses of and incidental to such investigation shall be defrayed for the insurer.

Amalgamation and Transfer of Insurance Business.

34. *Amalgamation and Transfer of Insurance Business*.—(1) No life insurance business of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (9) of section 2 shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court having jurisdiction over one or other of the insurers concerned.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(3) Before an application is made to the Court to sanction any such scheme notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reasons therefor shall at least two months before the application is made be sent to the Government, and certified copies of the following documents shall be furnished to the Government and shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely :—

(*a*) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer ;

(*b*) statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer ; and

(*c*) the actuarial or other reports on which the scheme was

founded including a report by an independent actuary on the proposed amalgamation or transfer.

(4) Where an application under sub-section (3) is made to the Court within three months from the commencement of this Regulation, the Court may, on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for registration and for the payment of the first instalment of the deposit under sections 3 and 7 for such period not exceeding nine months as the Court may think fit.

35. *Sanction of amalgamation and transfer by Court.*—When any application such as is referred to in sub-section (3) of section 34 is made to the Court, the Court shall cause if for special reasons it so directs, notice of the application to be sent to every person resident in the State who is the holder of a life policy of any insurer concerned and shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and after hearing the directors and such policy-holders as apply to be heard and any other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

36. *Statements required after amalgamation and transfer.*—Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

ASSIGNMENT OR TRANSFER OF POLICIES AND NOMINATIONS.

37. *Assignment and transfer of life insurance policies.*—(1) A transfer or assignment of a policy of life insurance, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(2) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representative any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business in the State by or on behalf of the transferor or transferee.

(3) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instruments of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (2) are delivered.

(4) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgement of the receipt of such notice and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement related.

(5) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee named in the notice as the only person entitled to benefit

under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

(6) The rights and remedies of the assignee or transferee of a policy of life insurance existing prior to the commencement of this Regulation shall not be affected by the provisions of this section.

(7) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life of the policy-holder, and an assignment in favour of the survivor or survivors of a number of persons, shall be valid.

38. *Nomination by policy-holder.*—(1) The holder of a policy of life insurance may when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be

(3) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgement of having done so

(4) A transfer or assignment of a policy made in accordance with section 37 shall automatically cancel a nomination.

(5) Where the policy matures for payment during the life-time of the policy-holder or where the nominee or, if there are more nominees than one all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal heirs or legal representatives or the holders of a succession certificate, as the case may be.

(6) Where the nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy survivor shall be payable to such survivor or survivors.

Commission and Rebates and Licensing of Agents.

39. *Prohibition of payment by way of commission or otherwise for procuring business.*—(1) No person shall, after the expiry of six months from the commencement of this Regulation, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance busine s in the State to any person except an insurance agent licensed under section 40 or a person acting on behalf of an insurer who for the purposes of insurance business employs licensed insurance agents.

(2) No insurance agent licensed under section 41 shall be paid or contract to be paid by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, forty per cent. of the first year's premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or, in the case of business of any other class, fifteen per cent., of the premium:

Provided that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the first year's premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.

(3) Nothing in this section shall prevent the payment under any contract existing prior to the operation of this Regulation, of gratuities or renewal commission to an insurance agent or to his representatives after his decease in respect of insuarnce business effected through him before the said date.

40. *Pr hibition of rebates.*—(1) No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to effect or renew an insurance in respect of any kind of risk relating to lives or property in the State any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(2) Any persons making default in complying with the provisions of this section shall be punishable with fine which may extend to one hundred rupees unless the default is made by a person effecting or renewing a policy, in which case he shall be punishable with fine which may extend to fifty rupees only.

41. *Licensing of insurance agents.*—(1) The Superintendent of Insurance or an officer authorised by him in this behalf shall in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making

an application under this section and not suffering from any of the disqualifications hereinafter mentioned a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business.

(2) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer.

(3) A licence issued under this section shall expire on the first day of Baisakh in each year, but shall, if the applicant does not suffer from any of the disqualifications hereinafter mentioned, be renewed from year to year on payment of a fee of one rupee.

(4) The disqualifications above referred to shall be the following :—

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a Court of competent jurisdiction ;

(*c*) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured.

(5) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which be may be liable, the Superintendent of Insurance shall, and if the agent has knowingly contravened any provision of this Regulation may, cancel the licence issued to the agent under this section.

42. *Register of insurance agents.*—(1) Every insurer and every person who acting on behalf of an insurer employs licensed insurance agents shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date, if any, on which his appointment ceased

(2) Any individual not holding a licence issued under section 41 who acts as an insurance agent shall be punishable with fine which may extend to fifty rupees, and any insurer who, or any person acting on behalf of an insurer who, appoints as an insurance agent any individual not so licensed, or transacts any insurance business in the State through any such individual, shall be punishable with fine which may extend to one hundred rupees.

(3) The provisions of sub-section (2) shall not take effect until the expiry of six months from the commencement of this Regulation.

43. *Prohibition of cessation of payments of commission.*—Notwithstanding anything to the contrary in a contract between any person and an insurance agent licensed under section 41 forfeiting or stopping payment of renewal commission to such insurance agent, no such person shall in respect of life insurance business done in the State refuse payment to an insurance agent of commission on renewal premiums due to him under the agreement by reason only of the termination of his agreement except for fraud:

Provided that such agent has served such person continually and exclusively for at least ten years, and provided further that, after his ceasing to act as agent, he does not directly or indirectly solicit or procure insurance business for any other person.

Special Provisions of Law.

44. *Policy not to be called in question on ground of mis-statement after two years.*—No policy of life insurance effected before the commencement of this Regulation shall after the expiry of two years from the date of commencement of this Regulation and no policy of life insurance effected after the coming into force of this Regulation, shall after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false

45. *Application of State Law to policies issued in the State.*—The holder of a policy of insurance issued by an insurer in respect of insurance business transacted in the State after the commencement of this Regulation shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto to receive payment in the State of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in the State ; and if the suit is brought in the State any question of law arising in connection with any such policy shall be determined according to the law in force in the State.

46. *Payment of money into Court.*—(1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain

a satisfactory discharge for the payment of such amount, the insurer shall before the expiry of nine months from the date of the maturing of the policy apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(2) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(3) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal officer of the insurer setting forth the following particulars, namely :—

(*a*) the name of the insured person and his address ;

(*b*) if the insured person is deceased, the date and place of his death ;

(*c*) the nature of the policy and the amount secured by it ;

(*d*) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received ;

(*e*) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount ; and

(*f*) the address at which the insurer may be served with notice of any proceeding lelating to disposal of the amount paid into Court.

(4) An application under this section shall not be entertained by the Court if the application is made before the expiry of six months from the death of the insured, or the maturing of the policy by survival.

(5) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer it shall allow the amount to be paid into Court and shall invest the amount in approved securities pending its disposal.

(6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3), and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.

(7) The Court shall cause notice to be given to every ascertained claimant of the fact that the amount has been paid into Court and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(8) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.

47. *Directors of insurers being companies.*—(1) Where the insurer is a company incorporated under the Companies Regulation and carries on the business of life insurance, not less than one-fourth of the whole number of the directors of the company shall be persons having the prescribed qualifications and holding policies of life insurance issued by the company, and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of life insurance issued by the company.

(2) This section shall not take effect until the expiry of one year from the commencement of this Regulation.

48. *Restriction on dividends and bonuses.*—No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub clause (*b*) of clause (9) of section 2, who carries on the business of life insurance shall in respect of such life insurance business declare or pay any dividend to shareholders or any bonus to policy-holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.

49. *Notice of options available to the assured on the lapsing of a policy.*—An insurer shall, within three months of the lapsing of a policy of life insurance, give notice to the policy-holder informing him of the options available to him.

50. *Supply of copies of proposals and medical reports.*—Every insurer shall on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the questions put to him and his answers thereto contained in his proposal for insurance and in the medical report supplied in connection therewith.

51. *Prohibition of business on dividing principal.*—No insurer shall after the commencement of this Regulation begin or after three years from that date continue to carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution of certain sums amongst policies becoming claims within certain time-limits or on the principle that the premiums payable by a policy-holder depend wholly or partly on the number of policies becoming claims within certain time-limits :

Provided that nothing in this section shall be deemed to prevent an insurer from allocating bonuses to holder of policies of life insurance as a result of a periodical acturial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise :

Provided further that an insurer who continues to carry on

insurance business on the dividing principle after the commencement of this Regulation shall withhold from distribution a sum of not less than forty per cent. of the premiums received during each year after the commencement of this Regulation in which such business is continued so as to make up the amount required for investment under section 26.

WINDING UP.

52. *Winding up by the Court.*—(1) The Court may order the winding up in accordance with the Companies Regulation of any insurance company and the provisions of that Regulation shall subject to the provisions of this Chapter, apply accordingly.

2. In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(*a*) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees ; or

(*b*) if the Superintendent of Insurance, who is hereby authorised to do so, applied in this behalf to the Court on any of the following grounds. namely:—

(*i*) that the company has failed to deposit or to keep deposited with the Government the amounts required by section 7 ;

(*ii*) that the company having failed to comply with any requirement of this Regulation has continued such failure for a period of three months after notice of such failure has been conveyed to the company by the Superintendent of Insurance ;

(*iii*) that it appears from the returns furnished under the provisions of this Regulation or from the results of any investgation made thereunder that the company is insolvent, or

(*iv*) that the continuance of the company is prejudicial to the interests of the policy-holders.

53. *Voluntary winding up.*—Notwithstanding anything contained in the Companies Regulation, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the

ground that by reason of its liabilities it cannot continue its business.

54. *Valuation of Liabilities.*—(1) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the sixth Schedule and to any directions which may be given by the Court.

(2) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rule aforesaid

(3) The rule in the sixth Schedule shall be of same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the Companies Regulation and rules may be made under that section for the purpose of carrying into effect the povisions of this Regulation with respect to the winding up of insurance companies.

55. *Application of surplus assets of life insurance found in liquidation or insolvency.*—(1) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(2) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to share-holders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of

the insurer shall be deemed to exceed his liabilities only in so far as those assets exceed those liabilities after such addition.

Provided that—

(*a*) if in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct, and

(*b*) for the purpose of the application of this sub-section to any case where before the commencement of the winding up or insolvency a proportion of such profits as aforesaid of a branch only of the life insurance business in question has been allocated to policy-holders, the value of the assets and liabilities of the insurer in respect of that branch shall be separately ascertained in like manner as the value of his assets and liabilities in respect of the life insurance business was ascertained, and the surplus so found, if any, of assets over liabilities shall, for the purpose of determining the amount to be added to the liabilities of the insurer in respect of the life insurance business be deemed to be the *prima facie* surplus.

11 56. *Winding up of secondary companies.* (1) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then, if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may by the same or any subsequent order appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of the winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it things most expedient upon the principles laid down in this section.

57. *Schemes for partial winding up of insurance companies.*—(1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Regulation.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for

altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(3) The provisions of this Regulation relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the Companies Regulation relating to the winding up of companies.

(4) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall as respects the alteration have effect as if it were an order confirmed under section 12 of the Companies Regulation and the provisions of sections 15 and 16 of that Regulation shall apply accordingly.

58. *Return of Deposit.*—In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee, as the case may be shall apply to the Court for an order for the return of the Deposit made by the company under section 7 and the Court shall, on such application order a return of the Deposit subject to such terms and conditions as it shall direct.

59. *Notice of Policy Value.*—In the winding up of an insurance company for the purposes of a cash distribution of the assets and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company or other insurer to be entitled to or interested in the policies granted by the company or other insurer shall ascertain the value of the liability of the company or other insurer to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

60. *Power of Court to reduce contracts of insurance.*—(1) Where an insurance company is in liquidation or any other insurer is insolvent the Court may make an order reducing the amount of the insurance contracts of the company or other

insurer upon such terms and subject to such conditions as the Court thinks just

(2) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit in place of making a winding order reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(3) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, or by the Superintendent of Insurance and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

61. *Particulars to be filed by insurers established outside the State.*—Every insurer, having his principal place of business or domicile outside the State, who establishes a place of business within the State or appoints a representative in the State with the object of obtaining insurance business, shall within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(*a*) a certified copy of the charter, statutes, deed or settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and if the instrument is not written in the English language, a certified translation thereof ;

(*b*) a list of the directors, if the insurer is a company ;

(*c*) the name and address of some one or more persons resident in the State authorised to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him ;

(*d*) the full address of the principal office of the insurer in the State.

62. *Books to be kept by insurers established outside the State.*—Every insurer having his principal place of business or domicile outside the State shall keep at his principal office in the State such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Regulation to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in the State to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

MISCELLANEOUS.

63. *Penalty for default in complying with or act in contravention of this Regulation.*---Except as otherwise provided in this Regulation, any insurer who makes default in complying with or acts in contravention of any requirement of this Regulation, and where the insurer is a company, any director, managing agent, manager or other officer of the company or where the insurer is a firm, any partner of the firm who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

64. *Penalty for transacting insurance business in contravention of section 3, 6 and 7.*—(1) Any insurer or any person acting on behalf of an insurer, who transacts any class of insurance business in contravention of any of the provisions of section 3, section 6, section 7, or does any one or more of the acts constituting the business of insurance in relation to any such class of insurance business shall be punishable with fine which may extend to two thousand rupees.

(2) Any person knowingly taking out a policy of insurance with any insurer or person guilty of an offence under sub-section (1) shall be punishable with fine which may extend to five hundred rupees

66. *Penalty for false statement of document.*—Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Regulation, wilfully makes a statement false in any material particular, knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

66. *Wrongfully obtaining or withholding property.*—Any director, managing agent, manager or other officer or employee of an insurer who wrongfully obtains possession of any property of the insurer or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or authorised by this Regulation shall, on the complaint of the insurer or any member or any policy-holder thereof be punishable with fine which may extend to one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully with-

held or wilfully misapplied and in default to suffer imprisonment for a period not exceeding two years.

67. *Wrongfully diminishing life insurance fund.*—If on the application of an insurer or any member of an insurance company or any policy-holder or the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Regulation the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer unless he proved that the contravention occurred without his consent or connivance and was not facilitated by any neglect or omission on his part; and the Court shall have all the powers which a Court has under sections 235 and 237 of the Companies Regulation and shall also have the power to assess the sum by which the amount of the life insurance fund has been diminished by reasons of the misfeasance and to order any person guilty thereof to contribute to that fund the whole or any part of that sum by way of compensation.

68. *Previous sanction of Government for institution of proceedings.*—Except where proceedings are instituted by the Superintendent of Insurance, no proceedings under this Regulation against an insurer or any director, manager or other officer of an insurer or any person who is liable under sub-section (2) of section 40 shall be instituted by any person unless he has previous thereto obtained the sanction of the Government in this behalf.

69. *Power of Court to grant relief*—If in any proceedings, civil or criminal it appears to the Court hearing the case that a person is or may be liable in respect of negligence, default, breach of duty or breach of trust but that he has acted honestly and reasonably and that having regard to all the circumstances of the case he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him either wholly or partly from his liability on such terms as it may think fit.

70. *Cognizance of offence.*—No Court inferior to that of a magistrate of the first class shall try any offence under this Regulation.

71. *Appeals.*—(1) An appeal shall lie to the Court having jurisdiction from any of the following orders, namely:—

(*a*) an order under section 3 refusing to register, or cancelling the registration of, an insurer;

(*b*) an order under section 5 directing the insurer to change his name;

(*c*) an order under section 41 cancelling the licence issued to an agent;

(*d*) an order made in the course of the winding up or insolvency of an insurer.

(2) The Court having jurisdiction for the purpose of sub-section (1) shall be the principal Court of civil jurisdiction within whose local limit the principal place of business of the insurer concerned is situate.

(3) An appeal shall lie from any order made under sub-section (1) to the authority authorised to hear appeals from the decisions of the Court making the same and the decision on such appeal shall be final.

72. *Service of notice.*—(1) Any process or notice required to be served on an insurer shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorised to accept notices on behalf of the insurer and left at or sent by registered post to, the address of such person as registered with the Superintendent of Insurance.

(2) Any notice or other document which is by this Regulation required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy:

Provided that, where any person claiming to be interested in a policy as transferee, assignee or nominee has given to an insurer notice in writing of his interest, any notice which is by this Regulation required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

73. *Declaration of interim bonuses.*—Notwithstanding anything to the contrary contained in this Regulation an insurer carrying on the business of life insurance shall be at liberty to declare an interim bonus or bonuses to policy-holders whose policies mature for payment by reason of death or otherwise during the inter-valuation period on the recommendation of the investigating actuary made at the last proceeding valuation.

74. *Acquisition of surrender values by policy.*—(1) Where a definite number of premiums is payable a policy of life insurance on which all premiums have been paid for three consecutive years shall acquire a guaranteed surrender value and notwithstanding any contract to the contrary shall not lapse by reason of non-payment of further premium but shall notwithstanding such non-payment be kept alive to the extent of its paid up value.

Explanation.—For the purposes of this sub-section the paid up value of a policy shall be an amount bearing to the total sum assured by the policy the same proportion as the total of the

premiums already paid on the policy bears to the total of the premiums payable under the policy.

(2) A policy kept alive to the extent of its paid up value under sub-section (1) shall not participate in any profits of the insurer earned after the conversion of the policy into a paid up policy.

(3) This section shall not apply to:—

(*a*) policies in respect of which the sum assured is payable only on the happening of a contingency which may not arise, or

(*b*) where the paid up value will be less than one hundred rupees, or

(*c*) where the parties after the default has occurred in the payment of the premium agree in writing to some other arrangement, or

(*d*) to policies in which the surrender value is automatically applied under the terms of the contract to maintaining the policy in force after its lapse through non-payment of premium.

75. *Power of Government to make rules.*—(1) The Government may, subject to the condition of previous publication by notification in the Government Gazette, make rules to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the qualifications to be possessed by actuaries;

(*b*) the manner in which it shall be determind for the purposes of this Regulation what is insurance business transacted in the State;

(*c*) the procedure to be followed in dealing with deposits made in pursuance of this Regulation including the receipt or, custody of, withdrawal of, and payment of interest on such deposits, and their inspection and verification by the Superintendent of Insurance;

(*d*) the manner in which the prospectuses and tables referred to in sub-section (1) of section 40 shall be published and the form in which they shall be drawn up;

(*e*) the matters to be prescribed for the purposes of section 47;

(*f*) the manner in which the investment of assets of an insurer shall take place;

(*g*) restrictions on loans;

(*h*) the manner in which statements of assets shall be furnished.

76. *Alteration of forms.*—The Government may, on the application or with the consent of an insurer, not being a company,

alter the forms contained in the Schedule as respects that insurer, for the purpose of adapting them to the circumstances of that insurer:

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Regulation so far as it is possible for the insurer to do so.

77. *Power to exempt from certain requirements*:—The Government may, by notification in the Government Gazette, exempt any insurer constituted, incorporated or domiciled in India from the provisions of section 6 relating to deposits or from furnishing statements and documents prescribed by any section or from the provisions of any other section relating to the keeping of assets in the State under section 26 either absolutely or subject to such conditions or modifications as may be specified in the notification.

78. *Saving of provisions of Companies Regulation*.—Nothing in the Regulation shall affect the liability of an insurer being a company to comply with the provisions of the Companies Regulation, in matters otherwise specifically provided for by this Regulation.

79. *Exemption*.—Nothing in this Regulation shall apply to:—

(*a*) any recognised fund in existence maintained by or on behalf of Government servants or Government pensioners for the mutual benefit of contributors to the fund and of their dependents or

(*b*) any society registered under the Jammu and Kashmir Co-operative Societies Regulation No. 6 of 1993.

80. *Policy forms to be deposited with the Superintendent of Insurance*.—Every insurer registered under this Regulation shall deposit and keep deposited with the Superintendent of Insurance copies of all standard forms of policy contracts issued by him in the State.

81. *Amendment of section 130, Transfer af Property Regulation*.—To the Exception to section 130 of the Transfer of Property Regulation, the following words and figures shall be added, namely:—

"or affects, the provisions of section 37 of the Insurance Regulation".

THE FIRST SCHEDULE.

(See section 11.)

Instructions and Forms for the preparation of Balance-Sheet.

PART I.

INSTRUCTIONS.

1. The balance-sheet required to be prepared in respect of every class of business carried on by an insurer is, in the form in which it is set out in Part II of this Schedule (Form A), appropriate to a case where the insurer maintains a separate fund in respect of life insurance business.

2. The balance-sheet of life insurance business shall be prepared as a separate document. The balance-sheet of any class of business may be prepared as a separate document instead of being incorporated by the addition of columns and headings in the general balance-sheet, but the totals of each such separate balance-sheet (showing the total assets of the class of business the balance at the credit of the life insurance fund or other separate fund or account, the amount of share-holders' undivided profits, and outstanding liabilities) must in any case be incorporated in the general balance-sheet.

3. If any combined balance-sheet is for any purpose issued by an insurer, it shall be in accordance with the Form set out in this Shedule, and there shall not be included among the assets shown in any such combined balance-sheet any amount in respect of any holding in or advance to any insurer whose assets and liabilities have been incorporated therein. Every combined balance-sheet must show clearly on the face thereof that it is a combined balance-sheet and must set out fully the name of every insurer whose assets and liabilities have been incorporated therein; if the assets and liabilities of any person not being an insurer are included in a combined balance-sheet the fact must be stated thereon.

4. Where any guarantee has been given by an insurer (otherwise than in the ordinary course of re-insurance business) in respect of the policies of any other insurer, the balance-sheet of the insurer by whom the guarantee was given must show clearly the name of every insurer whose policies have been so guaranteed and the extent of the guarantee:

Provided that this Regulation shall not apply where a combined balance-sheet is issued incorporating the assets and liabilities of the insurer whose policies are guaranteed.

5. Where any part of the assets of an insurer is deposited in any place outside the State as security for the owners of policies issued in that place, the balance-sheet shall state that part of the assets has been so deposited, and, in any such part forms part of the life insurance fund, shall show the amount thereof and the place where it is deposited. Where any combined balance-sheet is issued by an insurer for any purpose, the information required by this Regulation shall be shown in the aggregate in respect of all the insurers whose assets and liabilities have been incorporated in the balance-sheet.

6. There shall be appended to the balance-sheet a statement in Form AA as set out in Part II of this Schedule showing the market value and the book value of the assets in the State.

7. Every balance-sheet shall contain the folowing certificates, namely :—

(*a*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet explaining how the values as shown in the balance-sheet of the Investments in Stocks and Shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown ;

(*b*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and signed also, so far as respects the value of any items shown in the balance-sheet under the heading of "Reservations and Life Interests" by an actuary, certifying that the values of all the assets have been reviewed as at the date of the balance-sheet, and that in their belief the assets set fourth in the balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings "Loans", "Reservations and Life Interests", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other Persons or Bodies carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

Provided that if the persons signing the certificate are unable to certify that the assets set fourth in the balance-sheet are so shown as aforesaid, a full explanation of the basis upon which the values

shown in the balance-sheet have been assessed shall be given in the certificate;

(*c*) a certificate signed by the same persons as are required by this Insurance Regulation to sign the balance-sheet and by the auditor certifying that no parts of the assets of the life insurance fund has been directly or indirectly applied in contravention of the provisions of this Insurance Regulation relating to the application and investment of life insurance funds; and

(*d*) certificates signed by the auditor (which shall be in addition to any other certificate or report which he is required by law to give with respect to the balance-sheet) certifying—

(*i*) that he has verified the cash balances and the securities relating to the insurer's loan, reversions and life interests, and investments;

(*ii*) to what extent, if any, he has verified the investments and transactions relating to trusts undertaken by the insurer as trustee ; and

(*iii*) in the case of a combined balance-sheet, that he has audited the balance-sheet and accounts of every insurer whose assets and liabilities are incorporated therein, or that any such balance-sheet and accounts which have not been audited by him have been certified by independent auditors. The said certificate shall contain a reference to such reservations, if any, as may have been made by any auditor upon any report or certificate given by him with respect to the balance-sheet and accounts of any insurer whose assets and liabilities are incorporated in the combined balance-sheet.

8. If the values shown in the balance-sheet in respect of "Holdings in Subsidiary Companies" or "House property (*i*) in the State (*ii*) out of the State have been increased since the last previous balance-sheet, the certificate required by paragraph (*b*) of the last foregoing regulation shall state the amount of every increase not solely due to the cost of subsequent additions or, as respects holdings in controlled companies, to increased profits, and shall contain an explanation of the reason therefor.

9. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "combined balance-sheet" includes any combined statement made by an insurer of assets and liabilities

in the form of a balance-sheet which includes the assets and liabilities of any other insurer; and

(*b*) "market value" means as respects any asset the market value thereof as ascertained from published market quotations, or, if there be no such value, its fair value as between a willing buyer and a willing seller.

PART II.

FORMS.

Form A.

Form of Balance-Sheet.

Balance-Sheet of 19 .

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Shareholders Capital (each class to be stated separately)				*Loans* :			
Authorised :				On Mortgages of property within the State.			
.....Shares of Rs.....each Rs.				On Mortgages of property outside the State			
Subscribed :				On Security of Municipal and other public rates			
..... Shares of Rs.....each Rs.				On stocks and shares			
				On insurer's policies within their surrender value			
				On personal security .. .			

Called up :

.....Shares of Rs.....each Rs.

Less Unpaid calls Rs. _____

Reserve or Contingency Accounts (*a*) :

Investment Reserve Account ...

Profit and Loss Appropriation Account Balance .. .. —

Balance of Funds and Accounts ;

Life Insurance Fund ... ..

Fire Insurance Business Account ..

Accident and Miscellaneous Insurance Business Account ... ..

Other Accounts, if any (to be specified)(*l*)

Pension or Superannuation Accounts (*b*)

Debenture Stock per cent. .. ...

Loans and Advances (*c*) ... ..

Bills Payable (*c*) ... .

Estimated Liability in respect of outstanding claims, whether due or intimated (*d*) ... — ..

Annuities due and unpaid (*d*) ...

Outstanding dividends .. —

To Subsidiary Companies (other than Reversionary) (*f*) — —

Reversions and Life Interests :

Reversions and Life Interests purchased ..

Loans on Reversions and Life Interests ..

Debentures and Debenture Stocks of Subsidiary Reversionary Companies (*f*)..

Ordinary stocks and shares of Subsidiary Reversionary Companies (*f*) ..

Loans to Subsidiary Reversionary Companies (*f*) — .. ..

Investments :

Deposit — .. —

Bonds, Debentures, Stocks and other Securities whereon interest is guaranteed by the Indian Government or a provincial Government .. .. —

Approved securities .. —

Debentures of any Railway in the State ..

Debentures of any Railway out of the State.

Holdings in Subsidiary Companies (*f*) ...

House property (*i*) in the State (*ii*) out of the State .. — ..

Freehold and Leasehold ground rents and rent charges .. .. —

* Assets and Liabilities, Shareholders' Capital and Revenues, not allocated to any class of business specified in column (1) must be shown in column (2).

Form A.—(*concluded*).

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Amounts due to other Persons or Bodies carrying on Insurance Business (*c*) ..				Agent's Balances			
Sundry Creditors (including outstanding and accruing expenses and taxes) (*c*).				Outstanding Premiums (*g*)			
Other sums owing by the insurer (particulars to be given) (*c*) .. —				Interest, Dividends and rents outstanding (*d*) .. .. — ..			
Contingent Liabilities (to be specified) (*e*).				Interest, Dividends and rents accruing but not due (*d*)			
Rs ————				Amounts due from other Persons or Bodies carrying on Insurance Business (*h*)			
				Sundry Debtors (*i*)			
				Bills receivable			
				Cash :			
				At Bankers on Deposit Account ..			
				At Bankers on Current Account and in hand			
				At call and Short notice (*j*)			
				Other accounts (to be specified) (*k*) ..			

*Assets and Liabilities, Shareholders' Capital and Reserves, not allocated to any class of business specified in column (1) must be shown in column (2).

NOTES.—(*a*) The Reserves or Contingency Accounts must be separately stated.

(*b*) If the insurer has not full and unrestricted control of the assets constituting the Pension or Superannuation Accounts either those Accounts and the assets and liabilities relating thereto must be omitted from the balance-sheet or the assets of which the insurer has not such control must be clearly indicated on the face of the balance-sheet.

(*c*) If the insurer has deposited security as cover in respect of any of these items, the amount and nature of the securities so deposited must be clearly indicated on the face of the balance-sheet.

(*d*) These items are or have been included in the corresponding items in the Revenue or Profit and Loss Account. Outstanding and accruing interest, dividends and rents must be shown after deduction of income-tax must be provided for amongst the liabilities on the other side of the balance-sheet.

(*e*) Such items as amount of liability in respect of bills, discounted uncalled capital of subsidiary companies, uncalled capital of other investments, etc., must either be shown in their several categories under the heading "Contingent Liabilities" or the appropriate items on the assets side must be set out in such detail as will clearly indicate the amount of the uncalled capital.

(*f*) As respects life and annuity business full particulars of holdings in and loans to subsidiary companies must be stated, giving the name of each company, the number and description of each class of shares held, the amounts paid up thereon, and the value at which the holdings in each company stand in the balance-sheet.

(*g*) Either this item must be shown net or the commission must be provided for amongst the liabilities on the other side of the balance-sheet.

(*h*) The aggregate amount owing by a subsidiary company or subsidiary companies is to be shown separately from all other assets and the aggregate amount owing to a subsidiary company or subsidiary companies is to be shown separately from all other liabilities.

(*i*) Amounts due from directors and officers must be shown separately.

(*j*) No amounts must be entered under this heading unless fully secured. If not fully secured, the amounts must be included under the heading "Sundry Debtors".

(*k*) Under this heading must be included such items as the following, which must be shown under separate headings suitably described: office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future year's balance being Loss on Profit and Loss Appropriation Accounts, etc. The amounts included in the balance-sheet must not be in excess of cost.

(*l*) Under the head "Other accounts, if any (to be specified)" on the left hand side, fines realized from the staff and their contribution towards the provident fund, if any, should be shown under separate sub-heads.

FORM AA.

Classified Summary of the Assets of the.....Company on 19 .

Class of Asset.	Book value as per (*a*) below.	Market value as per (*b*) below.	Remarks as per (*c*) below.
	Rs.	Rs.	Rs.
(1) Approved Securities			
(2) Debentures			
(3) Shares and annuities			
(4) Loans on the Company's policies			
(5) Loans on Mortgage of property in India			
(6) Loans on personal security to persons domiciled and resident in the State			
(7) Other loans granted in the State			
(8) Land and House property in the State			
(9) Cash on deposit in Banks and treasury			
(10) Cash in hand and on current account in Banks.			
(11) Agent's balance and outstanding premiums			
(12) Interest, dividends and rents either outstanding or accrued but not due			
(13) Other assets in the State or outside			

The Statement shall show—

(*a*) the value for which credit is taken in the balance-sheet for each of the above mentioned classes of assets,

(*b*) the market value of such of the above-mentioned classes of assets as has been ascertained from published quotations after deduction of accrued interest included in market prices in those cases where accrued interest is included elsewhere in the balance-sheet,

(*c*) how the value of such of the above-mentioned classes of assets as has not been ascertained from published quotations has been arrived at, and

(*d*) the rates of exchange at which the values of the assets other than in rupee currency have been converted into rupees.

The market values need not be shown separately where they are not less than the book values and a certificate to that effect is appended to the statement.

No amounts on account of any of the following items may be entered in the statements—

Goodwill.

Preliminary, formation, organisation or development expenses.

Commission or discount on shares or debentures issued.

Commuted Commission.

Expenditure carried forward to be written off in future years.

THE SECOND SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Profit and Loss Accounts.

PART I.

INSTRUCTIONS.

1. The items on the income side of the Profit and Loss Appropriation Account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

2. Deductions from Interest, Dividends and Rents to be shown in respect of income-tax must include all amounts in respect of British Indian income-tax whether or not it has been or is to be deducted at source or paid direct.

3. The Interest, Dividends and Rents less income-tax thereon shown in the Revenue Accounts for any classes of business other than life insurance business, including annuity business may, if the insurer so desires, be included with the corresponding items in the Profit and Loss Account.

PART II.

FORMS.

FORM B.

Form of Profit and Loss Account.

Profit and Loss Account of for the year ended 19 .

	Rs. a. p.		Rs. a. p.
Taxes on the Insurer's Profits (not applicable to any particular Fund or Account) ...		Interest, Dividends and Rents (not applicable to any particular Fund or Account) Rs. Less-Income-tax thereon Rs.	

FORM B.—(*concluded*).

	Rs. a. p.		Rs. a. p.
Expenses of Management (not applicable to any particular Fund or Account)*...		Profit on realisation of investments (not credited to reserves or any particular Fund or Account) ...	
Loss on Realisation of Investments (not charged to reserves or any particular Fund or Account) ...		Appreciation of investments (not credited to reserves or any particular Fund or Account) ...	
Depreciation of investments (not charged to reserves or any particular Fund or Account) ...		Profit transferred from Revenue Accounts (details to be given).	
Loss transferred from Revenue Accounts (details to be given).		Transfer Fees ...	
Other Expenditure (to be specified) ...		Other income to be specified) ...	
Balance for the year carried to Appropriation Account ...		Balance being loss for the year carried to Appropriation Account) ...	

* If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount must be shown separately.

FORM C.

Form of Profit and Loss Appropriation Account.

Profit and Loss Appropriation Account of for the year ended 19 .

Rs. a. p.		Rs. a. a.
Balance being loss brought forward from last year ...	Balance brought forward from last year Rs.	
Balance being loss for the year brought from Profit and Loss Account (as in Form B) ...	Less—Dividends since paid in respect of last year (to be specified and if "free of tax" to be so stated)* Rs.	
Dividends paid during the year on account of the current year (to be specified and if "free of tax" to be so stated)	Balance for the year brought from Profit and Loss Account (as in Form B) ...	
Transfers to any particular Funds or Accounts (details to be given) ...	Balance being loss at the end of the year as shown in the balance-sheet ...	
Balance at end of the year as shown in the balance-sheet ...		

*NOTE.—This item may be shown on the other side of the account if preferred.

THE THIRD SCHEDULE.

(See Section 11)

Instructions and Forms for the preparation of Revenue Accounts.

PART I.

INSTRUCTIONS.

1 Form D is, as set out in Part II of this Schedule appropriate for life insurance business but a separate revenue account must be prepared for every class of business in respect of which the insurer is required to maintain a separate account.

2. Form F is, as set out in Part II of this Schedule appropriate for fire insurance business. A separate revenue account in the same form must be prepared for accident and miscellaneous insurance including workmen's compensation and motor car insurance.

3. If any combined revenue account is for any purpose issued by an insurer it must be in accordance with the forms specified in this Schedule and must clearly show on the face thereof that it is a combined revenue account and must set out fully the name of every insurer required to make separate returns under this Regulation whose revenue and expenditure have been included therein, if the revenue and expenditure of any person not being an insurer are included in a combined revenue accounts, the fact must be stated thereon.

4. The items on the income side of the revenue account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

5. Re-insurance premiums, whether on business ceded or accepted, are to be brought into account gross (*i. e.*, before deducting commissions) under the head of premiums.

6. As respects life insurance business the following statements shall be furnished to the Superintendent of Insurance every year showing details provided for in a form pertaining thereto :—

(*a*) A statement in form DD as set forth in Part II of this Schedule.

(*b*) A statement in form DDD as set forth in Part II of this Schedule.

(*c*) A statement in form DDDD as set forth in Part II of this Schedule.

7. The following information shall be supplied in addition to the revenue account, namely, the gross premium written in India for life, fire, and accident and miscellaneous insurance business.

8 Any office premises which form part of the assets of a life insurance fund must be treated as an interest earning investment, and accordingly, in the revenue account for life insurance business a fair rent for the premises must be included under the heading "Interest, Dividends and Rents" and in the revenue account for every class of business for which the premises are used proper charges for the use thereof must be included under the heading "Expenses of Management".

9. Where an insurer carries on the business of life insurance in conjunction with any other class of insurance business the expenses of management charged to the life insurance revenue account must not include more than a reasonable proportion of the common expenses and in particular, no such account must be charged with more than a fair sum for the use of any office premises having regard to the income from the various classes of business carried on and to the extent to which the premises are used for the purposes of each class of business.

10. Deductions from Interest, Dividends and Rents in respect of income-tax must include all income-tax charged on such income whether or not it has been or is to be deducted at source or paid direct.

PART II.

FORMS.

FORM D.

Form of Revenue Account applicable to Life Insurance Business.

Revenue Account of for the year ended 19 .
in respect of Business.

	Business within the State.	Business out of the State.	Total.		Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Claims under policies (including provision for claims due or intimated) less Re-insurance ..				Balance of Fund at the beginning of the year..			
By death ..				Premiums, Less Re-insurances—			
By maturity ..				(*i*) First year premiums.			
Annuities, less Re-insurances ..				(*ii*) Renewal premiums.			
Surrenders (including Surrenders of Bonus), less Re-insurances ..				(*iii*) Single premiums ..			
Bonuses in cash, less Re-insurances ..				Consideration for annuities granted, less Re-insurances (*c*) ..			
Bonuses in Reduction of premiums, less Re-insurances ..				Interest, Dividends and Rents Rs.			
Commission (less that on Re-insurances) ..				Less-income-tax thereon Rs.			
Expenses of Management (*b*)— ..				Registration Fees ..			
1. Commission and allowances ..				Other income (to be specified) ..			
2. Salaries, etc. (other than to agents and those contained in item No. 1) ..				Loss transferred to Profit and Loss Account ..			
3. Travelling expenses.				Transferred from Appropriation Account ..			
4. Directors' fees ..							
5. Auditors' fees ..							
6. Law charges ..							

FORM D.—(*concluded*).

	Business within the State.	Business out of the State.	Total.	Business within the State.	Business out of the State.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7. Advertisements ..						
8. Printing and Stationery ..						
9. Other expenses of management (accounts to be specified) ..						
10. Other payments (accounts to be specified) ..						
11. Rents for offices belonging to and occupied by the insurer ..						
12. Rents of other offices occupied by the insurer ..						
Bad debts ..						
Other expenditure (to be specified) ..						
Profit transferred to Profit and Loss Account ..						
Balance of Fund at the end of the year as shown in the balance-sheet ..						

NOTES.—(*a*) In the case of an insurer having his Head Office in the State these columns apply only to business the premiums in respect of which are payable outside India

(*b*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately. Under this item the salary paid to the managing agent or managing director shall be shown separately from the total amount paid as salaries to the remaining staff.

(*c*) All single premiums for annuities, whether immediate or deferred, must be included under this heading.

(*d*) Under the head "Other Income" fines, if any, realised from the staff must be shown separately. All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the revenue account except such sums as properly appertain to the capital account

(*e*) In the case of an insurer having his principal place of business outside the State, the expenses of management for business out of the State and total business need not be split up to the several sub-heads, if they are not so split up in his own country.

FORM DD.

Classified statement of life insurance policies of the———Company. for the year ending———19 .

	New life insurance business in respect of which a premium has been paid in the year.				*Total life insurance business in force at the end of the year.*			
	Number of policies.	Sums insured and annuities per annum.	Single premiums (including consideration for immediate annuities and all other premiums paid at the outset where no subsequent premium is payable.	Yearly renewal premium income.	Number of policies.	Sums insured with bonuses and annuities per annum.	Premium income for which credit has been taken in the revenue account.	
		Rs.	Rs	Rs.		Rs.	Rs.	
Ordinary Policies.								
In the State ..								
Out of the State ..								
Total ...								
Annuity contracts, etc								
In the State ..								
Out of the State ..								
Total ..								
Group Insurance Policies.								
In the State ..								
Out of the State ..								
Total ..								

The amount should be stated to the nearest rupees and after deduction of re-insurances.

FORM DDD.

Additions to and deductions from policies of the Company for the year ending 19 .

	Ordinary life insurance policies insuring money to be paid on death or survivance.			*Annuities.*	
	No.	Sum assured.	Reversionary bonus additions.	No.	Annuity per annum.
		Rs.	Rs.		Rs.
(1) Policies at beginning of year					
(2) New policies insured					
(3) Old policies revived					
(4) Old policies changed and increased					
(5) Bonus additions allotted					
Total					
Discontinued during year.					
(6) By death					
(7) By survivance or the happening of the contingencies incured against other than death.					
(8) By expiry of term under temporary insurances ..					
(9) By surrender of policy ..					
(10) By surrender of bonus ..					
(11) By forfeiture or lapse ..					
(12) By change and decrease					
(13) By being not taken up ..					
Total discontinued ..					
Total existing at end of year					

FORM DDDD.

Particulars of the policies forfeited or lapsed in the last financial year under review, less those revised and reinstated for full benefits, classified according to the year in which they were issued.

Financial year in which the policies were issued.	Number of policies forfeited or lapsed.	Sum insured under policies forfeited or lapsed.
Year ending 19 , being the year under review ...		
Year ending 19 , being the year previous to that under review ...		

And so on, the number of and sum insured under policies forfeited or lapsed in the last financial year under review being stated after classification according to each of the preceding years in which they were insured.

A separate statement must be given in respect of each class of life insurance business for which a separate revenue account is submitted.

Insurers having their principal place of business in the State shall give the information required in the form separately for business transacted in the State and business transacted outside and insurers having their principal place of business outside the State will furnish information regarding business transacted in the State.

FORM E.

Form of Revenue Account applicable to Fire Insurance Business and to Accident and Miscellaneous Insurance Business including Workmen's Compensation and Motor Car Insurance Business.

Revenue Account of 19 , in respect of Business. for the year ended

	Rs.		Rs.
Claims under Policies, less Re-insurances (*a*) (*d*):		Balance of Account at beginning of the year:	
Paid during the year Rs.		Reserve for unexpired Risks Rs.	
Total estimated liability in respect of outstanding claims at end of the year whether due or intimated Rs.		Additional Reserve (if any) Rs.	
Total ..		Premiums, less Re-insurances (*d*)	
Loss-outstanding at end of previous year (*b*) Rs.		Interest, Dividends and Rents Rs.	
		Less-income-tax thereon Rs.	
Commission			
Expenses of management (*c*) ..		Other Income (to be specified) (*e*) ..	
Bad debts		Loss transferred to Profit and Loss Account	
United Kingdom, Fereign and Dominion Taxes		ransferred from Appropriation Account	
Other Expenditure to be specified ..			
Profit transferred to Profit and Loss Account			
Balance of the Account at the end of the year as shown in the Balance-sheet :			
Reserve for unexpired Risks, being per cent. of premium income of year Rs.			
Additional Reserve(if any)Rs.			
Rs. ..		Rs. ..	

NOTES.—(*a*) This heading must include all expenses directly or indirectly incurred in settling claims.

(*b*) If in any year the claims actually paid and those still unpaid at the end of that year in respect of the previous year or years are in excess of the amount included in the previous year's Revenue Account as provision for outstanding claims, then the amount of such excess must be shown in the Revenue Account.

(*c*) If any sum has been deducted from this item and entered on the assets side balance-sheet the amount so deducted must be shown separately.

(*d*) Where the amount is furnished under the provisions of section 11 of the Insurance Regulation, separate figures for claims paid to claimants in the State and claimants outside the State and for premiums derived from business effected in the State and effected outside the State must be given.

(*e*) All the amounts received by the insurer directly or indirectly whether from his head office or from any other source outside the State shall also be shown separately in the Revenue account except such sums as properly appertain to the capital account.

THE FOURTH SCHEDULE.

(See Section 13)

Instructions for the preparation of Abstracts of Actuaries Reports and Requirements applicable to such Abstracts.

PART I.

INSTRUCTIONS.

1. Abstracts and Statements must be so arranged that the numbers and letter of the paragraphs correspond with those of the paragraphs of Part II of this Schedule.

2. In showing the proportion which that part of the annual premiums reserved as a provision for future, expenses and profits bears to the total of the annual premiums, in accordance with the requirements of paragraph 3 of Part II of this Schedule, no credit is to be taken for any adjustments made in order to secure that no policy is treated as an asset.

3. (1) The average rate of interest yielded in any year by the assets constituting a life insurance fund shall, for the purposes of paragraph 4 of Part II of this schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest credited to the life insurance fund during the year after deduction of income-tax charged thereon (any refund of income-tax in respect of expenses of management made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one-half of the amount of the life insurance fund at the beginning of the year to a sum equal to one-half of that fund at the end of the year, and deducting from the aggregate of those two sums an amount equal to one-half of the interest of the year.

(2) For the purposes of the calculation aforesaid either.—

(*a*) all profits and income arising during the year from sum invested in reversions shall be included in the interest credited to the life insurance fund during the year; or

(*b*) such portion of the life insurance fund as is invested in the purchase of reversions, and the profits and

income arising therefrom, shall be excluded from the calculation; but in that case a statement must be added to the information required under the said paragraph 4, showing in respect of the portion of the fund so excluded as aforesaid, the average rate of annual profit and income for which credit has been taken during the five years last preceding the valuation date, and explaining the manner in which the said average rate has been calculated.

(3) The information given in accordance with the requirements of the said paragraph 4 shall show clearly by which of the methods hereinbefore in this instruction mentioned the sums invested in reversions and the profits and income arising therefrom have been dealt with.

(4) Every abstract prepared in accordance with the requirements of Part II of this Schedule shall be signed by an actuary and shall contain a certificate by him to the effect that he has satisfied himself as to the accuracy of the valuations made for the purposes thereof and of the valuation data :

Provided that in the case of an abstract prepared on behalf of an insurance company, if the actuary who signs the abstract is not a permanent officer of the company, the certificate as to the accuracy of the valuation data shall be given and signed by the principal officer of the company and the actuary shall include in the abstract a statement signed by him showing what precautions he has taken to ensure the accuracy of the date.

5. For the purposes of this Schedule the following expressions have the meaning hereby respectively assigned to them, namely:—

"extra premium" means a charge for any risk not provided for in the minimum contract premium ;

"inter-valuation period" means, as respects any valuation period ; the period to the valuation date of that valuation from the valuation date of the last preceding valuation in connection with which an abstract was prepared under this Regulation or under the enactments repealed by this Regulation or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business ;

"maturity date" means the fixed date on which any benefit will become payable either absolutely or contingently;

"net premiums" means as respects any valuation the premiums taken credit for in the valuation ;

"premium term" means the period during which premiums are payable ;

"valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements applicable to an abstract in respect of Life Insurance Business.

The following tabular statements shall be annexed to every abstract prepared in accordance with the requirements of this Part of this Schedule, namely:—

(*a*) a Consolidated Revenue Account, in the Form G annexed to this Part of this Schedule, for the inter-valuation period (except that it shall not be necessary to prepare such an account in respect of any class of business so long as the insurer deposits annually with the Superintendent of Insurance an abstract in respect of that class of business) ; and

(*b*) a summary and valuation in the Eorm H annexed to this Part of this Schedule of the policies included at the voluation date in the class of business to which the abstract relates ; and

(*c*) a valuation Balance-Sheet in the Form I annexed to this Part of this Schedule ;

(*d*) a statement in Form DDD as set forth in Part II of the third Schedule of the additions to and deductions from the number of policies and the sums insured thereunder for each class of life insurance ; and

(*e*) a statement in Form DDDD as set forth in Part II of the third Schedule of particlars of policies forfeited or lapsed under each class of life insurance ;

and every such abstract shall show :

1. The valuation date.
2. The general principles and full details of the methods adopted in valuation of each of the various classes of insurances and annuities shown in the said Form H, including statements on the following points:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws or how otherwise ;

(*b*) the method by which the net premiums have been arrived at and how the ages at entry, premium

terms and maturity dates have been treated for the purpose of the valuation ;

(*c*) the methods by which the valuation age, period from the valuation date to the maturity date, and the future premium terms, have been treated for the purpose of the valuation ;

(*d*) the rate of bonus taken into account whereby the method of valuation definite provision is made for the maintenance of a specific rate of bonus ;

(*e*) the method of allowing for –

(*i*) the incidence of the premium income ; and

(*ii*) premiums payable otherwise than annually ;

(*f*) the methods by which provision has been made for following matters, namely :

(*i*) the immediate payment of claims ;

(*ii*) future expenses and profits in the case of limited payment and paid up policies ;

(*iii*) the reserve in respect of lapsed policies not included in the valuation, but under which a liability exists or may arise and whether any reserves have been made for the matters aforesaid ;

(*g*) whether under the valuation method adopted any policy would be treated as an asset, and if so, what steps, if any, have been taken to eliminate such asset ;

(*h*) a statement of the manner in which policies on under average lives and policies subject to premiums which include a charge for climatic, military or other extra risks have been dealt with ; and

(*i*) the rates of exchange at which liabilities in respect of policies issued in foreign currencies have been converted into rupees and what provision has been made for possible increase of liability arising from future variations in the rates of exchange.

3. The table of mortality used, and the rate of interest assumed, in the valuation.

4. The proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums separately specified in respect of insurances with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits.

5. The average rates of interest yielded by the assets whether invested or uninvested, constituting the life insurance fund for each of the years covered by the valuation date.

6. The basis adopted in the distribution of profits as between the insurer and policy-holders, and whether such basis

was determined by the instruments constituting the company, or by its regulations or bye-laws, or how otherwise.

7. The general principles adopted in the distribution of profits among policy-holders, including statements on the following points, namely:—

(*a*) whether the principles were determined by the instruments constituting the company or by its regulations or bye-laws, or how otherwise;

(*b*) the number of years' premiums to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted;

(*c*) whether the bonus is allotted in respect of each year's premium paid, or in respect of each completed calendar year or year of assurance or how otherwise; and

(*d*) whether the bonus vests immediately on allocation or, if not, the conditions of vesting

8. (1) The total amount of profits arising during the inter-valuation period, including profits paid away and sums transferred to reserve funds or other accounts during that period, and the amount brought forward from the preceding valuation (to be stated separately) and the allocation of such profits—

(*a*) to interim bonus paid;

(*b*) among policy-holders with immediate participation, giving the number of the policies which participated and the sum assured thereunder (excluding bonuses);

(*c*) among policy holders with deferred participation, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*d*) among policy-holders in the discounted bonus class, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses);

(*e*) to the insurer or, in the case of an insurance company, among shareholders or to shareholders' accounts (any such sums passed through the accounts during the inter-valuation period to be separately stated;

(*f*) as carried forward unappropriated.

2. Specimens of bonuses allotted as at the valuation date to policies for one thousand rupees.—

(*a*) for the whole term of life effected at the respective ages of 20, 30 and 40 and having been in force respectively for five years, ten years and upwards at intervals of ten years; and

(*b*) for endowment insurances effected at the respective ages of 20, 30 and 40, for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years;

together with the amounts apportioned under the various manners in which the bonus is receivable.

9. A statement in Form J annexed to this Part of this Sechedule of specimen policy reserve values held or required to be held according to the methods adopted in the valuation, and specimen minimum surrender values in respect of whole life insurance policies for Rs. 1,000 with premiums payable throughout life effected at the respective ages of 20, 30, 40 and 50, and immediately on payment of the first, second, third, fourth, sixth, seventh, eighth, ninth, tenth, fifteenth and twentieth annual premium; with similar specimen policy reserve values and specimen surrender values in respect of whole life insurance policies subject to premiums payable for 20 years and of endowment insurance policies maturing at age 55.

10. A statement showing how the liability under any disability clause in a policy has been determined in the valuation with full information of the tables of sickness or accident used for the purpose.

———

FORM G.

Consolidated Revenue Account of for *years commencing and ending* 19 .

	Business within the State.	Total.		Business within the State.	Total.
	Rs.	Rs.		Rs.	Rs.
Claims under Policies (including provision for claims due or intimated) less Re-insurances—			Balance of life insurance fund at the beginning of the period ..		
By death ..			Premiums, less Re-insurances ..		
By maturity ..			Consideration for Annuities granted, less Re-insurances (*b*) ..		
Annuities, less Re-insurances ..			Interest, Dividends and Rents, Rs		
Surrenders (including Surrenders of bonuses), less Re-insurances ..			Less Income-tax thereon (*c*) Rs.		
Bonuses in cash, less Re-insurances					
Bonuses in reduction of premiums, less Re-insurances ..					
Commission (less that on Re-insurances)			Registration Fees ...		
Expenses of Management (*a*) ..			Other income (to be specified) ...		
Agents' and Canvassers' allowance..			Loss transferred to Profit and Loss Account ..		
Salaries, etc. (other than to Agents and Canvassers)			Transferred from Appropriation Account ..		
Travelling expenses					
Directors' fees					
Auditors' fees					
Medical fees					
Law charges					
Advertising					
Printing and Stationery ..					
Other expenses of Management (accounts to be specified) ..					
Other payments (accounts to be specified)					
Rents for offices belonging to and occupied by the company ..					

FORM G—(*concluded*).

	Business within the State.	Total.	Business within the State.	Total.
Rents of other offices occupied by the company				
Bad debts ..				
Other expenditure (to be specified) ..				
Profit transferred to Profit and Loss Account				
Balance of life insurance fund at end of the period as shown in the balance-sheet				
	Rs. ..		Rs. ..	

NOTE.—(*a*) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately.

(*b*) All single premiums for annuities whether immediate or deferred, must be included under this heading.

(*c*) Foreign income-tax on Interest, Dividends and Rents must be shown under this heading, less any rebates of income-tax recovered from the revenue authorities in respect of expenses of management.

(*d*) In the case of an insurer having his principal place of business outside the State the expenses of management for the total business need not be split up into the several sub-heads, if they are not so split up in his own country.

FORM H.

Summary and Valuation of the Policies of *as at* 19 .

Description of Transactions.	Particulars of the Policies for valuation.			Valuation.					
	No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
DIVISION I.									
INSURANCES.									
Group A.—									
With immediate participation in profits ..									
For whole term of life ..	..	..	..	..	..	..	..	..	..
Other classes (to be specified) ...	..	..	..	..	..	..	..	..	..
Extra premiums ..	..	..	..	..	..	..	..	..	..
Total insurances ...	..	..	..	..	..	..	..	..	..
Deduct-Re-Insurances ..	..	..	..	..	..	..	..	..	..
Net Insurances ..	..	..	..	..	..	..	..	..	..
Group B.—									
With deferred participation in profits ..									
For whole term of life ..	..	..	..	..	..	..	..	..	..
Other classes (to be specified) ..	..	..	..	..	..	..	..	..	..
Extra Premiums ..	..	..	..	..	..	..	..	..	..
Total Insurances ..	..	..	..	..	..	..	..	..	..
Deduct-Re-Insurances ..	..	..	..	..	..	..	..	..	..
Net Insurances ..	..	..	..	..	..	..	..	..	..
Group C.—									
Under discounted bonus systems ..									
For whole term of life ..	..	..	..	..	..	..	..	..	..
Other classes (to be specified) ..	..	..	..	..	..	..	..	..	..

FORM H.—(*continued*).

Description of Transactions.	*Particulars of the Policies for valuation.* No. of Policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	*Valuation.* Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Extra premiums .. --	--	--							
Total Insurances --	--	--							
Deduct-Re-Insurances ..	--	--							
Net Insurances ... -	--	--							
Total Insurances with profits	--								
Group D.—									
Without participation in profits --									
For whole term of life ..									
Other classes (to be specified) ..									
Extra premiums -- --	--								
Total insurances ..	..								
Deduct-Re-insurances --	..								
Net Insurances ..	..								
Total Insurances without profits ..									
Total of the Insurances shown in all groups									
Deduct-Re-Insurances ..	--								
Net Amount of Insurances ..	--								
Adjustments, if any (to be separately specified) ..	--	--							

DIVISION II.

ANNUITIES ON LIVES.

Immediate Annuities	..
Deferred Annuities with return of premiums	
„ „ without „ „ „	

FORM H.—(*concluded*).

Description of Transactions.	*Particulars of the Policies for valuation.*						*Valuation.*			
	No. of policies.	Sums Assured.	Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.		Sums Assured and Bonuses.	Office Yearly Premiums.	Net Yearly Premiums.	Net Liabilities.
Other classes (to be specified)										
Total Annuities	—	—	—							
Deduct-Re-insurances	..	—	—							
Net Annuities on Lives	—	..	..							
Total of the results (after deductions of Re-insurances)	..	..	..							

NOTES.—1. Items in this Summary are to be stated to the nearest rupee.

2. No policy of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, is to be included in Group A, B, C, or D, of this Form: any such policies must be shown in a separate Group which must be added to the Form.

3. If policies without participation in profits but with a guaranteed rate of bonus are issued they must be separately specified in Group D of this Form.

4. Policies under which there is a waiver of premiums during disability must be shown as a separate class.

5. Separate forms must be prepared in respect of classes of policies valued by different tables of mortality or at different rates of interest or involving the valuation of net premiums on different bases.

6. In cases where separate valuations of any portion of the business are required under local laws in places outside British India and reserves based on such valuations are deposited in such places, a statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place with a statement as to such bases respectively.

7. Office and net premiums and the values thereof must be shown after deduction of abatements made by the application of bonus.

Form I.

Valuation Balance-Sheet of *as at* *19* .

	Rs.		Rs.
Net liability under business as shown in the summary and valuation of policies.		Balance of Life Insurance Fund as shown in the Balance-sheet ...	
Surplus, if any ...		Deficiency, if any ...	
	—		—

Note. If the proportion of surplus allocated to the insurer, or in the case of an insurance company to share-holders, is not uniform in respect of all classes of insurances, the surplus must be shown separately for the classes to which the different proportions relate.

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Form J.

Specimen policy reserve values and minimum surrender values under a ____ *policy for Rs. 1,000.*

Serial No.	Number of premiums paid.	Age at Entry 20.		Age at Entry 30.		Age at Entry 40.		Age at Entry 50.	
		Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.	Reserve value.	Minimum surrender value.
*									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
15									
20									

NOTE.—Items in this Form to be stated to the nearest rupee.

(69)

FIFTH SCHEDULE.

(See Section 13)

Instructions for preparing statements of business in force and requirements applicable to such statements.

PART I.

INSTRUCTIONS.

1. Statements prepared under this Schedule must be prepared, so far as practicable, in tabular form and must be identified by numbers and letter corresponding with those of the paragraphs of Part II of this Schedule.

2. Except with respect to rates of premiums or contribution, items in statements prepared under this Schedule are to be shown to the nearest rupee.

3. Extra premium shown in the forms of Summary and Valuation prepared under the fourth Schedule to this Regulation must not be included in statements prepared under this Schedule.

4. Every statement prepared under this Schedule shall be signed by the actuary making the investigation in connection with which it is prepared.

5. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

(*a*) "annual loading" means the provision made for future expenses and profits;

(*b*) "extra premiums" means a charge for any risk not provided for in the minimum oontract premium ;

(*c*) "net premiums" means the premiums taken credit for in the valuation in connection with which any statement is prepared ; and

(*d*) "valuation date" means as respects any valuation the date as at which the valuation is made.

PART II.

REQUIREMENTS FOR STATEMENTS APPLICABLE TO LIFE INSURANCE BUSINESS.

The statements required to be prepared under this Part of this Schedule are as follows, namely :—

1. Statements, separately prepared in respect of policies with

and without participation in profits, showing :—

(*a*) as respects policies for the whole term of life, the rates of office premiums charged, in accordance with the published tables in use, for new policies giving the rates for decennial ages at entry from 20 to 70 inclusive ; and

(*b*) as respects endowment insurance policies, the rates of office premiums charged, in accordance with the published tables in use for new policies with original terms of ten, fifteen, twenty, thirty and forty years, giving the rates for decennial ages at entry from 20 to 40 inclusive, but excluding policies under which the age at maturity exceeds 60.

2. Statements, separately prepared in respect of policies with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits, showing in quinquennial groups—

(*a*) as respects policies for the whole term of life—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped according to ages attained ;

(*ii*) the amunt per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life, and of the corresponding net premiums, grouped according to ages attained ; and

(*iii*) the amount per annum, after deducting abatements made by application of bonus of office premiums payable for a limited number of years, and either the corresponding net premiums grouped in accordance with the grouping adopted for the purposes of the valuation, or, the annual loading reserved for the remaining duration of the policies, grouped according to ages attained;

(*b*) as respects endowment insurance policies—

(*i*) the total amount assured (specifying sums assured and reversionary bonuses separately) grouped in accordance with the grouping adopted for the purposes of the valuation :

Provided that—

(*a*) as respects endowment insurance policies which will reach maturity in less than five years, the information required by sub-paragraph (*b*) (*i*) of this paragraph must be given for each year instead of in quinquennial groups ; and

(*b*) where the office premiums payable under policies for the whole term of life for a limited number of years, or the office premiums payable under endowment insurance policies, or the corresponding net premiums are grouped for the purposes of the valuation otherwise than according to the number of years payments remaining to be made or where the sums assured under endowment insurance policies are grouped for the purposes of the valuation otherwise than according to the years in which the policies will mature for payment or in which they are assessed to mature if earlier than the true year, then in any such case the valuation constants and an explanation of the method by which they are calculated must be given for each group, and in the case of the sums assured under endowment insurance policies a statement must also be given of the amount assured maturing for payment in each of the two years following the valuation date;

(*ii*) the amouut per annum, after deducting abatements made by application of bonuses of office premium payable and of the corresponding net premium grouped in accordance with the grouping adopted for the purposes of the valuation

3. Statements as respects any policies in force under which premiums cease to be payable, whether permanently or temporarily during disability arising from sickness or accident, showing the total amount of the office premiums payable.

4. Statements as respects immediate annuities on single lives for the whole term of life, separately prepared in respect of annuities on male and female lives, showing in quinquennial age groups the total amount of such annuities.

5. Statements as respects deferred annuities, separately prepared in respect of annuities on male and female lives, showing the specimen reserve values for annuities of one hundred rupees which will be produced on maturity on the basis of valuation adopted at ages, in the case of male lives, 60 and 65, and in the case of female lives, 55 and 60; the said statements must show the specimen reserve values which will be produced under the table of annual premiums in use for new policies, and if under any other table of annual premiums in use for any other deferred annuity policies in force smaller reserve values will be pro-

duced, the like specimens of these must also be given.

6. Statements as respects any policies of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, showing the total claims paid since the date as at which the last statements were prepared under this Part of this Schedule or, where no such statements have been prepared since the date on which the insurer began to carry on the class of business to which the statements relate, and the reserve for unexpired risks and outstanding claims.

THE SIXTH SCHEDULE.

(See section 55)

Rule as to the valuation of the Liabilities of an Insurer in Insolvency or Liquidation.

The liabilities of an insurer in respect of current contracts effected in the course of life insurance business including annuity business, shall be calculated by the method and upon the basis to be determined by an actuary approved by the Court, and the actuary so approved shall, in determining as aforesaid, take into account :

(*a*) the purpose for which such valuation is to be made;

(*b*) the rate of interest and the rates of mortality and sickness to be used in valuation; and

(*c*) any special directions which may be given by the Court.

The liabilities of an insurer in respect of current policies other than life policies shall be such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid.

CERTIFICATE.

The above Regulation was passed by the Jammu and Kashmir Praja Sabha on 18th April 1939 corresponding to 6th Baisakh 1996 and received the assent of His Highness the Maharaja Bahadur on 8th August 1939 corresponding to 24th Sawan 1996.

(Sd.) HIRANAND RAINA,

Secretary to Government, Praja Sabha Department.